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Miss Iceland, won the

World beauty title g

Runners-up were Year Miss Korea, and In

Miss United Kingdom;

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OPPING

No. 32,889

PARIS, MONDAY, NOVEMBER 21, 1988

ESTABLISHED 1887

Thais' Flowering Democracy: Discovery" who we Thursday with College from the Society Self Harbinger in Southeast Asia? lary, the mountained Yves Constean the be-

By Michael Richardson International Herold Tribane BANGKOK --- Under a recently elected government that is grap-

pling with the problems of a booming economy. Thailand has become what political analysts say they see Craighead the both the cartologists; See as a test case in Southeast Asia of whether increased Western-style democracy is compatible with sound economic growth in a devel-Robert Ballard in the oping country.
While the governments of Singa-

pore, Malaysia and Indonesia have said that constraints on personal bberries are needed to promote so-Jason Epstein 60 ic. director of Random line. rial cobesion and economic progress, Thailand in the last decade worked with such ante-worked with such ante-Anden, Vladimir Nebta-Mailer, Gore Vidal act has managed to combine increased individual freedom with impressive economic dynamism.

But this formula, which the U.S. torow, is the winner of the dministration of President Ronaid Reagan has promoted as a remcarries a \$10,000 pmz edy for economic stagnation in the Third World, is undergoing considerable scrutiny and stress in Thai-

For the first time in 12 years, Thailand has an elected head of nessman and retired military offigovernment, with Chatiehai cer, inherited an economy that has

party coalition formed after general elections in July.

"Its a very crucial period for our political development," said Suchit Bunbongkarn, associate professor of political science at Chulalongkorn University in Bangkok.

For the first time in more than eight years, be said, political parties are taking full control of government machinery. "If they can prove they can handle everything effectively," he said, "then our democratic development will progress."

But Mr. Suchit said that if the

political parties failed — and they have a history of fragmentation and pursuit of vested interests the armed forces will have another chance to prove that they are better than civilians in tackling the problems of Thailand."

The last elected prime minister took office in 1976 only to be overthrown in n military coup the same

Mr. Chatichai, a wealthy husi-

Choonhavan taking over as prime expanded and diversified nway minister in August. He heads a six- from an agricultural base so impressively in the last decade that it has frequently been held up as a model of export-oriented free en-

Thai analysts and foreign diplomais said that the foundation for Thailand's pursuit of South Korea, Taiwan, Hong Kong and Singapore ioto the ranks of the oewly industrialized countries was laid by nearly a decade of political stability and

mpetent economic management. In a country where the armed forces remain a major source of political power and influence, there has not been a successful coup in 10 years, although there have been several abortive attempts.

Communist insurgency, a menacing problem in the 1970s, has been reduced to a minor scale.

Foreign investment, led by Japan, Taiwan and South Korea, has surged. Economic growth, adjusted for inflation, rose from 4.3 percent in 1986 to 7 percent in 1987. Many economists say they think real

See THAI, Page 7

be the last contest at his pendent television are decided to end the decided the decided to end the decided it attracts audiences age show has been critical playing women in a Recognizes New Palestinian State

By Alan Cowell.

CAIRO - After days of hesitareturned to New York:
fainting at the end of Madrid. Spanish door.
Madrid. Spanish door.
Standard Madrid. Spanish door.
Standard Madrid. Spanish door.
Standard Madrid. Spanish door. 61-year-old trumps as nized the nominally independent suffering from some state declared in Israeli-occupied and an irregular hearte territories by the Palestine Liberathere was no need in tion Organization last week.

hespitalized. Days as Western diplomats said the anformances in Eartsim; nouncement by the Egyptian Foreign Ministry seemed to represent a rebuttal of U.S. and Israeli pressure to avoid recognition, as well as acknowledgment of Arab, PLO and domestic pressure in favor of the

> President Hosni Mubarak had earlier said that he supported the declaration, made in Algiers on Nov. 15. But he shied away from

Kiosk

Afghan Plane Hit by Mistake

PESHAWAR, Pakistan (UPI) — Pakistani troops shot down "by mistake" an Afghan military transport plane that had strayed across the border. killing all 34 people on board, an official said Sunday.
Officials in North-West

Frontier Province in Pakistan said the plane had flown at low altitude across the border on Saturday. They said the plane had started back toward Afghanistan when Pakistani anti-aircraft units opened fire, aitting the aircraft, which crashed into mountains near the border. ..

MONDAY Q&A



Sir David Wilson says Hong Kong is taking "close interest" in EC plans for a unified market. Page 2.

Coneral News

George Bush is planning a hands-on presidency. Page 3. Ethnic Albanians march in Yugoslavia, defying warnings of a crackdown. Page 7.

Christina Onassis, 37, the Greek shipping heiress, has died in Buenos Aires. Page 6.

Sports

Pan Shriver, and the common cold, end Steffi Graf's winning streak at 46 matches. Page 19.

Business/Finance

OPEC talks on output quotas have failed to break the Iran-Iraq deadlock. Page 13. EC-U.S. trade tensions grew over the community's plan to ban imports of beef from hor-mone-fed cattle. Page 13.

Special Report

Euromarkets, leaner and saner, reach record levels. Page 9. formal recognition, officials said, in the hope that Egypt might play a hroker's role between the Israelis and the Palestinians in any new

Announcing the reversal, the Foreign Ministry said that "some media circles" had "continued to raise questions about Egypt's position and whether it included recognision and whether it included recognisions. nition of the newly born Palestin-

To make this position very clear," the statement said, Egypt "affirms that it recognizes the independent Palestinian state" and "re-

left by the Jordanians. Western diplomats and Egyptian officials said the Egyptian recogni-

By David Remnick

Washington Post Service

psychological revolution of "new thinking" in Soviet foreign policy

under Mikhail S. Gorbachev has

never been more vivid than in the

way Moscow is maneuvering in the

Middle East.
When the Palestinian National

Council decided last week in Al-

giers to proclaim an independent Palestinian state in the Israeli-oc-

cupied West Bank and Gaza Strip,

That response, consisting of a

brief written statement and a bur-

ried news conference, spoke vol-umes about Mr. Gorbachev's ap-

Although the Soviets have made

it clear that they favor the eventual establishment of n Palestinian state

in the occupied territories, the first

deputy foreign minister, Alexander

A. Bessmermykh, used an artfully vague formulation that appeared intended to placate not only the

Palestinians but also Yitzhak Sha-

mir of Israel, the conservative Li-

kud leader who has been asked to

form the next Israeli government.

immediate diplomatie endorse-

ment of a Palestinian state, and

referred to the necessity of both n Palestinian "fatherland" and "reli-

able security" for the Israelis.

The statement avoided an overt,

proach to the world.

the Kremlin needed to respond.

MOSCOW - The practical and

Soviet Mideast Moves:

A New Sophistication

tion of the proclaimed state would strain its relations with Israel and jeopardize Cairo's ability to act as an intermediary between Israel and

Speaking before the announce-ment on Sunday, Egyptian officials argued that recognition of the PLO state would offer Israel a pretext to sidetrack Arab efforts to press the United States to initiate new Middle East peace moves.

Foreign Minister Shimon Peres of Israel said last week that Egypt's recognition of the declared state would jeopardize the 1978 Camp gards this recognition as having David accords that led to Egypt's taken place as of 15th November, peace with Israel a year later. The peace led to Egypt's ostra-

The PLO declared the symbolic cism by Arab nations for nine years state in the Israeli-occupied West until an Arab meeting a year ago Bank and Gaza Strip in the wake of agreed to Egypt's rehabilitation. Since then, Cairo, Washington's sever legal and administrative ties principal ally in the Arab world, with the West Bank. Palestinian has sought to cast itself as a regionprotesters have been waging an up-rising against Israeli occupation that its relationship with both Isra-since December 1987. The PLO el and the PLO offered a special

> Seeking to preserve that status, See PLO, Page 7

"That statement was an extraor-dinary study in balance and sophis-ticated language," said Galia Go-

lan, a professor at Hehrew

University of Jerusalem and a spe-

cialist in Soviet Middle East policy.

"It's never been this way before in

Soviet foreign policy.
The way Gorbachev is trying to

balance interests in the Middle

NEWS ANALYSIS

East is part of an overall strategy

that you can find in his policies on Angola, Kampuchea, China, the Pacific, the Persian Gulf, South America, Western Europe," the

professor said. "All over, really. You don't have to have stars in

your eyes to understand that the

Soviets these days are after stability, quiet and reduced tensions."
Since coming to power in March, 1985, Mr. Gorbachev has steadily

shifted the trend of Soviet foreign

policy away from the ideological mode of the Brezhnev years to what

the professor called "a broadening

Faced with a need to rebuild an economy that has suffered from decades of centralization, bureau-

See SOVIET, Page 2

Gorbachev, ending a visit to India, urges quick UN action on future



Followers of Benazir Bhutto in Rawalpindi on Sunday holding up a photo of her father while hailing a provincial election result.

Pakistan Government Talks Set Tuesday

ISLAMABAD, Pakistan - Acting President Ghulam Ishaq Khan invited Benazir Bhutto and her main rival, Mian Nawaz Sharif, on Sunday to confer with him separately Tuesday on forming a gov-

The move came a day after pro-vincial elections in which Miss Bhutto's Pakistan People's Party won the largest number of seats overall, but gained control over only one of the provincial assem-

hlies by a decisive margin.

Justice Minister Wasim Sajjad said in a statement that the acting president would see the two leaders on questions relating to formation of the future government."

In parliamentary elections
Wednesday, no party gained a majority of seats. Both Miss Bhutto

Miss Bhutto had boxed the reand Mr. Sharif, leader of the Islamic Democratic Alliance, asserted the right to form a government.

With all but a handful of 459 precincts reporting Suoday on re-sults from Saturday's voting, Miss Bhutto's party received 184 provincial assembly seats nationwide, compared with 145 for the rightist Islamic Democratic Alliance, The remainder went to independents and minor parties.

liameotary election, it was an im- Assembly.

Miss Bhutto had hoped the re-sults Saturday would provide further evidence of the popularity of her party, but it was not immediately clear whether the results would weaken or strengthen her hand in bargaining for support from other factions, which she needs to secure a majority in the national parliament.

Under the new constitution, the president of Pakistan is elected by an electoral college consisting of The Pakistan People's Party, in was not directly related to the par- well as the Senate and National tion partners, appeared likely to paign and since his election victory

portant barometer of local support Complete results in voting Satur-

ince, Sind, in the South showed her party obtained 67 seats to only one for the Islamic Democratie Alliance. Thirty-two seats seats went to

Punjab, where 60 percent of the 107 million Pakistanis live and where Mr. Sharif is chief minister, conservatives defeated the Pakistan Peo-ple's Party, 108 to 94. This put the balance of power in Punjab in the

See PAKISTAN, Page 5

Bush Gets Warning On Dollar

Kaufman Urges Up to \$20 Billion Be Raised in Tax

Compiled by the Staff From Disputches WASHINGTON - The U.S. government must soon raise taxes by up to \$20 billion to avoid further drops in the value of the dollar and higher interest rates, Henry Kauf-man, the influential Wall Street

ecocomist, said Sunday, Meanwhile, Representative Wil-liam H. Gray 3d, Democrat of Pennsylvania and chairman of the House Budget Committee, said that President-elect George Bush needed to take several steps quickly, including convening a meeting of his administration's prospective economic advisers and members of

Their comments on an NBC television program were made a day after the General Accounting Office, the auditing agency of Congress, said new taxes would be needed to at least partly resolve the hudget problem.

Such a sense of urgency was dis-puted, however, by Senator Pete V. Domenici of New Mexico, the ranking Republican on the Senate Budget Committee, He said Mr. Bush should not open formal hudget talks before he is inaugurated.

The hysteric markets and those who insist on oew taxes" were trying to "panic" Mr. Bush into opening meetings with Congress, he said, "I don't think he ought to do

Mr. Domenici said that the Gramm-Rudman law to balance the budget would force cuts in many government programs, including the military if Congress failed to pass a hudget that trimmed the federal deficit by \$40

"I think he ought to wait awhile until he gets his team put together,"
Mr. Domenici said, "and the marketplace ought to understand that there's no way that this man can

solve this deficit quickly."
Regarding taxes, Mr. Kaufman said: "I believe that in the current fiscal year and running into early 1990 we ought to increase revenues somewhere between \$15 billion and \$20 billion."

See DEFICIT, Page 7

Polls Show Mulroney's Party Regaining the Lead

By Herbert H. Denton

TORONTO - Two publicopinion polls published Saturday show Prime Minister Brian Mulroney's Progressive Conservative Party back in the lead in the Canadian political campaign. The change comes amid indications that ficroe public reaction to the free-trade pact he negotiated with the United States may have lost

some of its steam. But with Canadians preparing to vote on Monday, it was still far from elear whether the Conservatives would win a majority of the 295 seats in the House of Commons, which they need to push through the trade agreement. Although Mr. Mulroney could govern with only a plurality of seats, the opposition Liberal and New Democratic Parties have pledged to use their oumbers to defeat the

Meanwhile, the debate over the trade agreement continues wherever groups gather - on the subway, in supermarket lines, in bars, on street corners. There is a nearly insatiable demand for information about its terms and possible effects.

The Department of External Affairs in Ottawa reported Friday that it had sent out more than 10 million pieces of literature on the pact, including about 245,000 copies of the technical agreement

In general terms, the agreement

would remove virtually all hindrances to the flow of goods between Canada and the United States in the next decade.

Corporations and husiness organizations that oormally take a low profile in political campaigns

sions" at workplaces and have bought newspaper and television

On Saturday, several artists and iotellectuals squared off in singer Gordon Lightfont.

Prime Minister Brian Mulroney greeting supporters Sunday in Louiseville, Quebec.

ing to both the Conservatives and

the Liberals have waged an all-

out effort in support of the pact. Many have held "information ses-

separate, opposing political advertisements in the Toronto Globe and Mail. Among those cootending that the deal would "irrevocably damage the Canada we care about" were the authors Robertson Davies, Margaret Atwood and Farley Mowat, the actress Margot Kidder and the

the pact proclaimed "We are not fragile" and carried the names of the writers Mordecai Richler and Morley Callaghan and the painters Alex Colville and Christopher A Gailup-Canada poll pub-

lished Saturday in The Toronto Star reported that the Conservatives had 40 percent of the decided vote, the Liberals 35 percent and the New Democratic Party 22 percent. Gallup analysts said they believed those figures would translate into 162 seats in Commons for the Conservatives. Another survey, by the pollster

Angus Reid, showed a similar ranking. But Mr. Reid said the situation was still fluid because 11 percent of those interviewed were those who indicated a choice said they might change their minds before they vote on Monday. Since party strategists figure

that a significant number of the 295 individual races will be decided by fewer than 1,000 votes, it is difficult to be confident of the

Mr. Mulrooey told the weekly oews magazine Maclean's that he would press for ratification of the trade deal even if he did not win a majority, although it is difficult to see how he would be able to per-

See CANADA, Page 5

Extended Families: Tie That Binds, and Constricts, African Societies

By Blaine Harden Washington Post Service

DAWU, Ghana --- Kwasi Oduro, the only memher of his family with a university degree and a government job in the capital, is needed here at

In this upcountry village of mud houses and bad water, his kin want a piece of what they imagine to be Mr. Oduro's prosperity. His father needs money to pay a hospital so that, as the father puts it, "a computer can test my

blood to know the particular place where the sick His mother needs money to install wiring that would, for the first time, bring electricity to her house. His sister, unhappily married to a polyga-mous village subchief, needs money for school fees

for her five children. His aunt, who is believed to have magical powers and has professed in public to being a witch, needs money for a dentist. The list of needs, bubbling up from the ranks of distant cousins, goes on and on. At times, Mr. elders take care of you while you are cutting your patterns of government patronage and sometimes

His \$83-a-month university salary is not enough to feed, clothe and educate his own five children, who live with him and his wife near the capital, Accra. The demands of the folks back home, Mr. Oduro says, fill him with "dread."

"They are vultures," he said. "I say they are

First of two articles

pickpockets. They are very cunning. They want money from you and they know how to get it. They will tell you hes calculated to soften your heart. Your grandmother talks to you about some chest trouble and you give her money and the next thing trent as the African extended family recalls its you know she is drinking gin."

At other times, his cynicism gives way to guilt. There is a saying in his tribe, the Ashanti: "If your divides Africa along ethnic lines while dietating

"My guilt is an expression of my failure to exclusively by blood relatives.

measure up to their expectations," he said. "Sometimes you crawl back home with certain gestures. The crawling back can only happen to the guilty."

After more than a year's absence, Mr. Oduro went home last month. This is an account of that three-day journey back into the West African to the disabled and mentally ill.

forest, back into the smothering embrace of a medieval culture that Mr. Oduro says he can neither accept nor escape. It was a bittersweet, expensive and emotionally draining homecoming of a sort that is replayed

millions of times every weekend across this conti-

OWD. The extended family system hooks into the Mr. Oduro's family, especially his mother, sacri-ficed to put him through school. He owes them man and woman. Unlike tribal loyalty, which

Oduro, 38, a lecturer in sociology at the University of Ghana, says he despises his extended family. they are losing theirs." boiling over into civil war, family loyalty operates on a smaller, more intimate stage—one populated

With its labyrinthine web of rights and duties, the extended family is a day care, social security and welfare system. It babysits the children of working parents and keeps the elderly from feeling

useless. It feeds the unemployed and gives refuge The extended family functions as a kind of homemade give, holding together the world's most

impoverished and politically brittle continent. Yet, as the journey home of Mr. Oduro suggests. the extended family in Ghana, and across Africa, is under immense stress. Decades of Western education and urban migration have lured family members into different worlds. The rural old and the urban young are separated by hundreds of miles of bad roads and centuries of development.

At the University of Ghana at Legon, just outside Accra, where Mr. Oduro lives on campus in a house provided by the university, there is a nuclear

physics research laboratory. In Dawu, 160 kilometers (100 miles) upcountry, fetishes hang in each house to ward off evil.

When Mr. Oduro goes home he does not bring along his city-bred children; the village water gives them diarrhea, and village cousins steal their food. Nor does he, a nondrinking, born-again Christian, bring home the traditional bottle of schnapps that his uncles pour on the ground as a libation to the

Yet, he constantly worries about what his kin

hack home are saying about him.

There are 11 of his kin camped out in his threebedroom house in Accra, not counting his wife and 5 children. The number has gone as high as 18. They are job-seekers and refugees from this village. Most are described by Mr. Oduro as "cousins

of a sort." They pay no rent; they often eat for free. "I suppose I should be thorough and dislodge all of these traditional obligations and call them humbug," Mr. Oduro said. "If I decide for my urban

See FAMILY, Page 6

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Hong Kong Takes a 'Close Interest' in EC's Plans for 1992

The governor of Hong Kong, Sir David Wilson, visited West Germany, France and Belgium recently to discuss trade and political issues with European leaders. Later, he responded to questions about the trip from Julie Sell of the International Herald Tribune.

Q. What was the primary message you conveyed to Hong Kong's trading partners in Europe?

A. I was trying to put over three messages. These were to remind business and political leaders of the enormous economic opportunities that Hong Kong ofiers; to explain the arrangements for the future of Hong Kong, in particular the fact that the Hong Kong special administrative region will have a high degree of autonomy over its external commercial relations for at least 50 years after 1997 [when Britain's leases expire and China regains sovereignty]; and to say that Hong Kong takes a close interest in EC plans for 1992. We hope that the removal of barriers in the [European] internal market will not be accompanied by the creation of protectionist barriers against

Q. The percentage of Hong Kong's exports to the United States has fallen in recent years, while the percentage to Europe has increased. What has prompted this shift?

A. The decline in domestic exports to the United States (44 percent in 1984 to 33 percent now) is mainly due to market

MONDAY O&A

forces, including the opening up of mar-kets by China and Japan and the depreci-ation of the U.S. dollar. But we have also encouraged the development of other markets through our trade promotion efforts. I welcome the trend for diversification. The percentage of domestic exports to the EC in recent years has been fairly constant at around 20 percent. The Community is our third-largest trading partner after China and the United States.

Q. Which European nations are best represented in Hong Kong in terms of trade and investment? Which nations are

A. Britain, the Netherlands and Swit-

about 6 percent, 4 percent and 2 percent of all overseas industrial investment. The figure for France is only 0.63 percent. Compare this with the United States. which accounts for 41 percent of the total. You can see that Europe has a long way to catch up.

Q. You have cantioned against the threat of bilateralism to world trade. Were your comments directed primarily at Europe as it moves toward creation of a single market in 1992?

A. We have always been strong believers in multilateral free trade. We are the classic example of a free-trade territory and of the success of that policy. Naturally, we worry about any apparent tenden-cy toward bilateralism wherever it occurs. The development of the internal market in Europe should provide oppor-tunities for expanded trade. But we have been worried by the implications of the concept of "reciprocity" if rigidly ap-

Q. If a trend toward bilateralism continues, what steps would Hong Kong take to protect its share of world trade? Would the territory consider joining a

of industrial investment, accounting for trade alliance with Japan or other na-

A. We will continue to be active in the Uruguay Round of trade negotiations in an effort to achieve greater liberalization of trade and reduce any trend to bilateralism and regionalism. We do not want to be part of any regional bloc. We prefer a genuinely multilateral system.

Q. Two events have had major effects on confidence in Hong Kong: the scheduled transfer to Chinese sovereignty in 1997, which has prompted many professionals to emigrate; and problems at the Hong Kong Stock Exchange, which has been plagued by corruption scandals since the global stock collapse last year. Why should people have confidence in the territory's future?

A. I see continuing economic success as fundamental to Flong Kong's future. It will encourage people in invest in the territory and to hive and work bere if they have emigrated. By the end of this year we will have achieved an average growth rate of 10 percent per year in real terms

for the past three years.
As far as 1997 is concerned, there is now greater certainty about arrange-

possible before. Those arrangements include detailed provisions for the territory in have a high degree of autonomy, par-ticularly in economic, financial and trade matters, as well as for the maintenance of the present legal system.

At the stock exchange, we have worked very fast since the crash in October last year to bring in reform where reform was needed. We now have a new, more widely representative council, plus a new chairman and chief executive. Legislation to establish a new regulatory body — the Securities and Futures Commis will be enacted early in 1989. We have taken action quicker probably than any

Q. Aside from voicing sympathy with Hong Kong over the problem of Viet-namese refugees, did European officials offer any assistance to alleviate the prob-

A. The officials I met in all three countries agreed to look sympathetically at the case I put to them for the resettlement of Vietnamese refugees in Hong Kong who have close family links in their coun-

Gorbachev

Urges UN

To Act on

Afghan Rule

By Richard M. Weintraub

NEW DELHI — Mikhail S. Gorbachev on Sunday urged Sec-retary-General, Javier Perez de

Chellar, on Sunday to move quick-

ly to try to win agreement among the parties in Afghanistan on a fu-

In a joint statement with the In-

dian prime minister, Rajiv Gandhi, at the close of a three-day visit to New Delhi, the Soviet President

said that Mr. Pérez de Cuéllar

should move "without delay" to fullow up on the recent General

Assembly resolution that "empha-

sizes the need for an intra-Afghan

dialogue for the establishment of a

The call for more intensive diplo-

matic efforts followed a blunt warning from Mr. Gorbachev on

Saturday that Pakistan and the United States were inviting "grave consequences" because, he said,

they were subverting the Geneva

Soviet initiative apparently designed to try to reach a last-minute

agreement on a future government

for Kabul and avoid a potentially

bloody confrontation after the

Moscow has recently increased

military assistance to Kabul and

has used advanced aircraft to at-

tack anti-government guerrillas

withdrawal of Soviet forces.

The statements underscore a

broad-based government."

accords on Afghanistan.

ture government.

zerland are the largest European sources **Beyond the Rich China Coast**

Prosperity Fails to Trickle Down to Millions Inland

By Daniel Southerland

Plashington Post Service
TUANZHUANG VILLAGE China For Wei Zhuji, 51, and his elder brother, water has meant everything. They once lived in a village here in Gansu Province where in 9 years out of 10, the harvest failed for lack of rainfall. They had to trivial five miles on donkeys to get will water, and to stave off stargation they often ate a bitterg weed that grew wild in the

out a decade ago, officials tryo raise the living standards in Gainst persuaded the brothers and effects in their hardscrabble village omove to farmland within a govent-sponsored irrigation pro-

in this artificial oasis, in lived in caves, but for the first time this artificial oasis, families in their lives they enjoyed the luxu-ty of a limited though certain supply of water, and they began to grow regular crops of wheat and

After six years, Wei Zhuji and his brother, Wei Zhuchuan, now 68, were able to build mud-brick and mud-walled homes and convert their caves into warehouses. The brothers are considered a success story in Gansu, even though they still live barely over the official

poverty line. Gansu Province has been poor as long as anyone can remember. A Tang dynasty poet in the seventh century described the reginn as poorest under heaven." The ince, in the northwest of Chinatis a constant reminder to the central government that a sizable officials, say that the gap between no harvest for many of the farmers number of Chinese citizens still live the relatively rich coast and the working nonirrigated land. in poverty despite the country has made in its decade-old program to transform the central-ized economy to one that responds

in market forces. Though the economic changes have improved the lives of a majorillion out of China's 1.07 billion, or about a tenth of the population, are still unable to adequately feed or cinthe themselves. In Gansu, China's poorest province, the percentages are higher; about one-

adequate food and clothing and dards well below those enjoyed by need food aid to survive.

Soon after Deng Xiaoping took power as China's leader 10 years ago, be hegan the economic changes by breaking up communes and giving farmers the power to

Last of two articles

make many of their own decisions. The increased autonomy led to a rise in living standards for many, but inequalities also grew, as some farmers prospered and others did

The uneven development among the provinces, too, became glaring: Those on the coast enjoyed access to Hong Kong and other advan-tages that helped propel their economies to profits, while those inland lagged behind as they tried to cope with dry land and poor infrastruc-

Under Mr. Deng's stated view of the economic program, those Chi-nese who inevitably "get rich first" are supposed to help those in the country's poor interior as the wealth "trickles down."

But so far, the sometimes dizzying success of the coastal provinces like Guangdong has not affected the lives of those in poorer areas. Though Gansu ships fruit to the coast and has developed a growing carpet industry with a focus on export production, many in the province are subsistence farmers. cut off from much of what is happening elsewhere in China.

Both Western and Chinese econoor interior provinces is cert leadership pursues its economic program. Despite this, the Commu- about 35 percent by 1990, but the nist Party leader, Zhan Ziyang cost is high made clear recently in a speech that A live-ye

to get priority. Still, Gansu has made progress.

By pumping water from the Yellow
River far irrigation, engineers have made a better life possible for some

quarter of its 22 million people lack good life" in Gansu live at stan- province was the development of

Chinese in the wealthier pro lo Guangdong, China's richest province, people feast oo delicacies such as eel and crab and live in three-story brick houses. In Gansu, success can mean living in mud-

times a month. In Red Willow Village in Gaolan County, about 48 kilometers (30 miles | oortheast of the provincial capital, Lanzhou, county officials point to the Wei brothers to show that people can rise above dire pov-erty. But what the officials do not say is that the brothers still make little more than 200 yuan (\$54) each a year, which is the poverty line as defined by the government.

Officials say the average yearly income of a Gansu inhabitant came to 302 yean last year, an increase of about 20 yuan over the previous year. The national income average last year was around 920 yuan for city dwellers and 463 yuan for tural residents.

Farmers are able to cultivate less than 10 percent of the Gansu Province's soil. They work every gully where moisture gathers. In many places, farmers still engage in a laharians practice known as "pressing the sand," or pressing down on the soil to preserve mois-ture. Under this ancient procedure, small stones are dug from hillside caves and then spread across the fields to retain moisture in the soil. In the best of times, the farmers

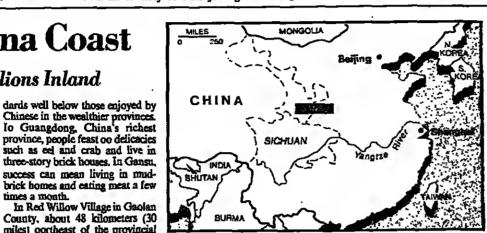
omists, as well as some Chinese year, because of drought, there was widen as the Communist Party farmland has been irrigated. The government's aim is to irrigate

made clear recently in a speech that the coastal reginns would continue to get priority.

A five-year irrigation project that ended last year in arid Gaolan County alone has cost 90 million yuan. Officials justify the expense by saying it benefits 83,000 of the county's 140,000 people.

The Gaolan County leader, habitants.

But even those who have "the cials said that the bope for Gansa



In Guangdong, China's richest province, people feast on eel and crab and live in three-story brick houses. In Gansu, success can mean living in mud-brick homes and eating meat a few times a month.

small, rural industries. In Jingyuan County, north of Lanzhon, nfficials said they hoped to eliminate poverty within three years by developing

Amid the efforts to ease Gansu's poverty, stories of people who worked their way up from poverty are circulating around the prov-

Wei Huaixian, a farmer who finally became prosperous by Gansu standards when he was in his 70s, is one of the lucky ones. He leads a can extract only a single crop of wheat from the soil each year. This a snug home and well-fed relatives. Mr. Wei, like many people in history, the province has Gansu, does not compare his life which it should be proud.

with the rich in Guangdong, but with a famine 61 years ago.
"I was 14 years old," he said.
"My father died in 1929, when he was just 39 years old. He couldn't

They hung him from a tree and beat him. A week later, my father

pay the money he borrowed from

the landlord."

"My mother became a beggar, begging for meals in the street," he said, adding, "My brother and I became hired hands for the land-

As Mr. Wei sees it, when the present state of Gansu is viewed against the backdrop of that dark history, the province has much of

SOVIET: A Balance in Mideast

cracy and general decline, Mr. Gorbachev cannut afford to concen- East settlement. trate resources and attention on disastrous entanglements like the war in Afghanistan.

In the 1970s, Moscow tried and failed - to organize a unified bloc of radical nations in the Middle East and elsewhere. Under Mr. Gorbachev, the Kremlin has eliminated much of that ideological freight, moving quickly to improve ties with what it considers "conservative" nations, like Egypt, Jordan, Oman, Kuwait, the Arab Emirates, Yemen, Iran and Iraq.
The Soviet Union has also been

trying to establish better relations with Israel. The Kremlin severed relations with Tel Aviv after the 1967 Arab-Israeli war.

In February, at the height of the Palestinian uprising in the West Bank the Soviet Union announced that it would allow a delegation of Israeli diplomats to visit Moscow. And since July, the Israelis have been meeting with Soviet officials in talks that Western and Soviet political analysts in Moscow agree could be a prelude to renewed dipomatic relations.

Mr. Gorhachev has kept a certain distance between himself and two ostensible allies, President Ha-Liberation Organization leader, Yasser Arafat

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Moscow has shown new willing-ness to try to find a diplomatic The Soviet leader has now put Moscow in a position to be a cru-cial player in any future Middle solution that would avoid chaos on its southern border after Feb. 15,

President-elect George Bush, and U.S. analysts in Moscow say they expect that Mr. Gorbachev will take credit for pushing the PLO into a more moderate position. Also, these analysts expect him to urge Mr. Bush help hring the Israelis to an international peace cooference. Mr. Shamir has said that he would not participate in a conference where the occupied territories were at issue.

focused on whether the U.S. side will put pressure on Mr. Shamir to case his objections to an international conference, the Soviets, too, can influence the new Israeli government, diplomats in Moscow

The Soviets still have things that Israel wants," a Western diplomat said. "Israel wants an even bigger flow of Jewish emigration out of the U.S.S.R., and they want real recognition. That's not just a symbol for Israel. Moscow still voted last fall to deny Israel creden-tials at the UN, and that stings."

East Germans Ban Soviet Magazine

The Associated Press

BERLIN - East Germany has banned the distribution of a Soviet magazine, saying the monthly pub-lication "contained articles that distorted history," the official press reported. The Soviet Embassy in East Berlin refused comment. In a brief announcement Saturday, the Communist Party organ Neues Deutschland said that the Postal Ministry had indefinitely

zine, Sputnik, which contains articles from the Soviet press for readers outside the Soviet Union. Recent issues of Sputnik have included articles containing frank

appraisals of the Stalin era, as well as letters and commentaries critical nf Soviet government policies.



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the date all its troops are to be out In December, he will meet with of Afghanistan under the Geneva accords The Indian-Soviet statement said a UN-supported international conference on Afghanistan might be occessary, a theme raised several weeks ago by the government of President Najib in Kabul. In brief remarks at departure ceremonies for Mr. Gorbachev and

his large entourage, Mr. Gandhi also said the Soviet leader had demonstrated continued support for Although much attention is oow Mr. Nailb during their private talks over the last three days. Afghan guerrilla leaders in Peshawar, Pakistan, have remained adamant in their refusal to include any prominent figures from the

Najib government in a future Af-ghan administration. Mr. Gorbachev, Mr. Gandhi and their aides also signed accords Sunday calling for two Soviet nuclear power installations to be built in India; for Soviet assistance on Indian thermal power stations; for cooperation on space and high technology research, and for new

visit here in two years, but it came at a time of shifting policies between the major countries of Asia. For almost 25 years, India has emphasized its relationship with Moscow as a counterweight to Chi-

border disputes stemming from the 1962 Chinese-Indian war. licy. Mr. Gorbachev is moving swiftly to try to revive close ties between Moscow and Beijing. On Saturday he urged India to do the same, saying this was the path to greater cooperation in Asia. suspended delivery of the maga-

The nuclear agreement signed Sunday calls for the construction on a turnkey basis of a power sta-tion in southern India consisting of two 1,000-megawatt reactors. According to outlines made pubhic, the agreement indicates that India has agreed to strict Soviet con-

trois over nuclear feels. Moscow insists on strict adherence to international nuclear agreements and India so far has refused to sign the Nuclear Nonprolifera-

But as part of his new Asia po-

tion Treaty. The accord apparently includes mutually agreed limits on a minimum quantity of nuclear fuel and control assemblies, and a requirement that spent fuel be returned to

the Soviet Union. The nuclear units are of a design different from the graphite reactor that was involved in the Chernobyl

ouclear accident.

WORLD BRIEFS

Walesa Doubtful on Future Talks

WARSAW (Reuters) — Lech Walesa said Sunday that after two meetings with the interior minister, General Czesław Kiszczak, there was no prospect of negotiations with the government.

"At the moment the round table talks have not even the slightest chance of taking place," Mr. Walesa, the leader of the Solidarity union

movement, said by telephone from Gdansk.

Mr. Walesa said he and General Kiszczak made minimal progress at meetings on Friday and Saturday on reviving the talks on Poland's future. involving his banned union and the government. He said no progress was possible until the authorities took a "bold decision" to introduce union pluralism and other freedoms.

Former Rebel Unit Wins in Sri Lanka

COLOMBO (UPI) - The Election Commission said that returns from Northeast Province council elections gave a former rebel group that backed the Indian-Sri Lankan peace plan — the Eelam People's Revolutionary Liberation Front - more than two-thirds of the panel's 71 seats. Of the 35 seats contested in the Tamil-dominated province's three eastern administrative districts, the front won 17 and the Sri Lanka Moslem Congress took 17, with one going to the nation's governing United National Party, the commission said Saturday.

A coalition controlled by the front last month was awarded 36 council seats in the province's five northern districts after death threats by the group's main rival, the Liberation Tigers of Tamil Eelam, dissuaded other. parties from filing nominations.

Hungary to Name a Prime Minister

BUDAPEST (Reuters) — Hungary will choose a new prime minister to eplace Karoly Grosz this week, and its parliament will meet to endorse

replace Karoly Grosz this week, and its parliament will meet to encouse the choice and to approve a corporation tax law and an economic plan prescribing more belt-tightening and unemployment.

Leading candidates to replace Mr. Grosz, who will remain party chief, include the party economics chief, Miklos Nemeth; the minister of state. Inne Pozsgay, and a Politburo member, Rezsoe Nyers.

Parliament is expected to approve the choice on Thursday, the first day

of a session that is expected to last three days.

France May Drop Ariane Spy Charge:

ROUEN, France (Reuters) — The French government has decided to drop charges against the remaining three persons accused in March 1987. I of spying on Western Europe's Ariane space rocket for the Soviet Union.

legal sources said Sunday.

Charges against four others were dropped earlier. Justice Minister
Pierre Arpaillange, in a letter to a member of Parliament, reportedly said there was not enough evidence to justify bringing the three to trial.

The spy charges chilled French-Soviet relations. Each country expelled six persons—diplomats and industrialists—after an investigation by the French counterespionage agency revealed the alleged spying. Analysts, discussing the timing of the decision, noted that President François Mitterrand is to visit Moscow soon for talks with Mikhail S. Gorbachev.

Missile Hits Sudan Minister's Plane

KHARTOUM, Sudan (Reuters) - Defense Minister Abdel-Magid . Hamed Khalil, whose plane was hit by a rebel-fired missile in southern Sudan, was reported on Sunday as saying that he remained committed to

But Moslem militants used the attack to step up opposition to a peace accord reached last week between rebels of the Sudan People's Liberation Army and the Democratic Unionist Party, one of the coalition partners in the government. The senior partner in the coalition, the Umma Party of Prime Minister Sadek Mahdi, has cautiously welcomed the accord, which could ease the plight of hundreds of thousands of in the sooth suffering

from famine and war devastation. Radio Omdurman said Saturday that a Soviet-made SAM-7 missile hit . a plane that was taking Mr. Hamed Khahil and the commander-in-chief.
Fathi Ahmed Ali, from the town of Wan on Thursday. The pilot regained control of the C-130 aircraft and landed again at Wau, 1,000 kilometers (620 miles) south of Khartoum. Nn noe was hurt.

For the Record

Cantain Frederick H. Michaelis Jr., commander of the U.S. destroyer, Towers, has been relieved of his command less than two weeks after shells fired from the ship came close in hitting a Japanese vessel. Lactions voted on Sanday for provincial and local committees in the first nationwide election since the Communist takeover in 1975. (Reuters)

TRAVEL UPDATE

around the besieged city of Kanda-har in southern Afghanistan. At the same time, according to diplomats and Soviets in Kabul, Air Control Review Ordered in U.S.

WASHINGTON (NYT) — Saying he was "deeply disturbed" by the mistakes made in handling a jetliner carrying President Ronald Reagan, on a flight to Newark, New Jersey, in October, Transportation Secretary, James H. Burnley 4th has ordered the Federal Aviation Administration to conduct a review of its traffic control system in the Northeast. Mr. Burnley, accepting urgent recommendations made Tuesday by the National Transportation Safety Board in a scathing report on the incident involving the presidential plane, has directed that the aviation administration review be conducted by a team independent of the agency's air traffic division. The aviation administration is part of the

Fransportation Department and operates the traffic control system. The president's jet, Air Force One, was allowed to fly illegally close to a commuter airliner on Oct, 12 because of errors made in four air traffic control centers, according to the safety board.

Athens Taxi Drivers Call Off Strikes

ATHENS (AP) - The 17,000 taxi drivers in the Greek capital have agreed to cease striking for seven months in exchange for a change in the government's anti-pollution measures. A series of taxi strikes have plagued Athens for 11 months.

A taxi driver spokesman said Saturday that the government had agreed to allow all taxis to use two main boulevards crossing the center, had given drivers permission to replace faulty diesel engines in their taxis and had promised to upgrade their state-regulated pension plans." If the 1, government doesn't solve these problems within the next few weeks the

agreement is off and we strike again," the spokesman said.

A Manila bas strike is planned Monday by a militant transportation group, and officials placed the military and police on a nationwide alert against a possible outbreak of violence, news reports said.

(AP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in: the following countries and their dependencies this week because of national and religious holidays: TUESDAY: Lebanon. It was Mr. Gorbachev's second

WEDNESDAY: India, Japan, Sri Lanka. THURSDAY: United States, Zuire. FRIDAY: Pokistan, Suriname.

Source: Morgan Guaranty Trust Co., Rettiers.

Thatcher Is Said to Oppose Royal Visit to the Kremlin

LONDON - Prime Minister Margaret Thatcher would probably advise Queen Elizabeth II against accepting any invitation to visit Moscow, British newspapers said Sunday.

The Sunday Telegraph quoted government sources as saying that Mrs. Thatcher believed that a royal visit to the Kremin would give President Mikhail S. Gorbachev a "propaganda coup" and reduce pressure on him to move ahead with political changes in the Soviet

Unofficial reports from Moscow have suggested that Mr. Gorba-chev would use his trip to Britain next month to invite the queen to make her first state visit to a Warsaw Pact country.

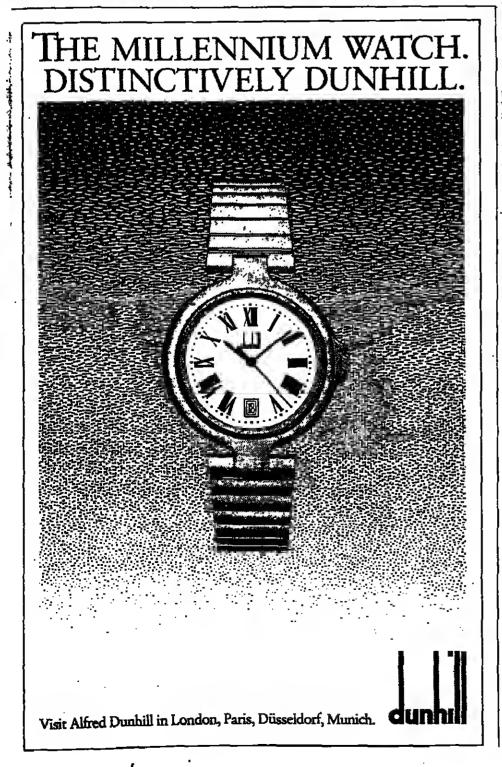
Buckingham Palace said the queen would follow the advice of her government in choosing whether to accept any invitation.

The Observer quoted senior government sources as saying the butchering of the Romanovs"—the Czarist royal family—hy Bolshevik agents after the 1917 Socialist revolution was the chief

hurdle to a visit. Czar Nicholas II, who is believed to have been executed by firing squad with his wife and children during the Russian civil war, was related to the British royal family. The front-page article in The Observer, headlined "Thatcher: No. Your Majesty," said the prime minister's opposition to a royal visit

could dampen the atmosphere of Mr. Gorbachev's trip in December.

Mrs. Thatcher has praised Mr. Gorbachev as a courageous leader,
but insists that he has not yet gone far enough in extending political
freedoms. She opposes Western attendance at a planned human
rights conference in Moscow in 1991.



Walesa said Sunday that ale some General Czeslaw Kiszczak de sowernment.

Saidble talks have not even the soun Gdansk.

Short Gdansk.

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Juit Wins in Srila Section Commission said that the cection commission some material elections gave a former rebel for peace plan — the Eelam People's peace plan — the Eelam People peace plan — the Eelam People peace plan — the Eelam People peace plan — the claim respects were than two-thirds of the panel. in the Tamil-dominated proving the front won 17 and the Square to the national with one going to the nation's berefront last month was awarded to orthern districts after death these son Tigers of Tamil Eclam, district.

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dan Minister's Plan was hit by a rebel-fired missik is:
lay as saying that he remained com:

Reagan Order May Be Too Late for 2 Nuclear Plants to Open

I the attack to step up opposition: ween rebels of the Sudan Peopletile has cautiously welcomed the acce. dreds of thousands of in the south

turniay that a Soviet-made SAM-TE Hamed Khalil and the commander twn of Watt on Thursday. The place and landed again at Wau, 1,000 lic inn. No one was hurt

backs Jr., commander of the USE his command less than two week # se to hitting a Japanese vessel. for provincial and local comme: e the Communist takeover in 1972 Bush Making It Clear That He Will Be a Hands-On President By R. W. Apple Jr. New York Times Service

WASHINGTON - Within 10 days of his election triumph, President-elect George Bush has signaled that he intends to adopt a much more energetic and deeply involved presidential style than that of the man be has served under for eight years, Ronald Reagan.

The appointment of Governor John H. Sununu of New Hampshire as the White House chief of staff was taken by Republicans as irrefutable evidence that the president-elect intends to be the handson leader of his administration, with no question of a deputy presidency for his friend James A. Baker 3d, as some had suggested.

"George Bush is not only going to be the president," said James Cannon, who served in the Reagan White House, "but he is also going to be very different from Ronald Reagan - familiar with the details, profoundly engaged with a lot of issues, right in the thick of it all. No triumvirate, with all the possibili-ties that presents for diffused anthority, and certainly no prime ministership, if that's the right term, for Jim Baker."

"Jim Baker is going to be the secretary of state, and that counts for plenty," Mr. Cannon added, pprove the choice on Thursday delate to last three days.

"but he's going to take his orders from George Bosh in a field that's probably Bush's strong suit."

Justiy or unjusty, the covert out apparently intense struggle between Mr. Sununn and Craig L. Fuller for the chief of staff's job came to be seen by many in political Wachington as a test of Mr. cal Washington as a test of Mr. Bush's political manhood.

Had Mr. Bush gone along with Mr. Baker and other aides, who advocated the appointment of Mr. Fuller, he would have been seen by politicians as a man reluctant to put his own stamp on his staff.

"He's shown who's the boss, in no uncertain terms," a Republican and his lack of Washington experience, you have to give Bush the credit for showing this kind of in-

dependence and determination." Governor Thomas H. Kean of New Jersey, a Bush friend, said he also saw the Sununn appointment as evidence of the vice president's willingness to make hard, and sometimes unpleasant, choices."

By Robert Pear

Sen Lock Times Service

WASHINGTON - Aides to

President-elect George Bush are

preparing a new strategy for Cen-iral America that would place less

emphasis on military aid to the

Nicaraguan guerrillas and more emphasis on diplomatic efforts to

find political solutions in the re-

about many elements of his po-licy, his aides said Saturday.

But Mr. Bush is undecided

Still, they said, the embryonic

policy probably meant an end to

the ideological zeal of Reagan ad-

ministration officials like Elliott

Abrams, the assistant secretary of

state for inter-American affairs,

who would probably be replaced

by someone of more moderate

The aides said they did not

foresee an imminent relaxation of

the U.S. economic sanctions

against Nicaragua or talks be-

tween Washington and Managua

unless the Sandinistas signifi-

candy changed their behavior.
"Direct talks between the U.S.

and Nicaragua would undercut

the regional dialogue initiated by

Nicaragua's neighbors," a Busb

political views.

state government, Mr. Bush hitched his campaign strategy not

placed Republican governors as Mr. Sununu and Mr. Kean. Mr. Kean and others who have known Mr. Bush for a long time

On Managua, Diplomacy First 🍒

not ahandoning the U.S.-backed

rebels, the contras, but recog-

nized that Congress would not

provide additional military aid

now, and he would not request

"give diplomacy a serious try"

and his administration would

probably try to revive negotia-

tions between the Sandinistas

and the contras, an aide said. This

approach does not preclude a lat-

Indeed, an nide said: "If diplo-

macy does not succeed in bring-

zation in Nicaragua and a

significant restraint in its foreign

behavior, we would be in a better

position to build a bipartisan

consensus for military aid at some later date. We would take

away from opponents of contras

aid the argument that diplomacy

hasn't been given a chance."
The president-elect's goals for Nicaragua and El Salvador were

virtually identical to President

Ronald Reagan's, but his tactics

would be more flexible and his

emphasis would differ, the Bush

He and his nominee for secre-

aides said.

ing about satisfactory democrati-

er request for military aid.

Rather, Mr. Bush intended to

such aid in the near future.

The aides said Mr. Bush was tary of state, James A. Baker 3d.

Although he was never active in sense, at the Republican National Convention last summer.

No longer tentative, no longer to senators or members of Con-hesitant to step out of Mr. Reagress but to such tactically well- gan's shadow, Mr. Bush chose and stuck by a little-known and controversial running mate, Senator Dan Quayle of Indiana.

Then he gave what is widely rehave been startled by what they garded as the speech of his life in But he also saw it as continuing describe as the transformation he accepting the nomination.

would work more closely with

Congress and with Latin Ameri-

can nations to put political pres-

sure on the Sandinistas to allow

elections, freedom of expression

and other rights guaranteed un-

Nicaragua signed those ac-

cords in 1987 and 1988, but the

United States and other nations

say the Sandinistas have flouted

Mr. Bush apparently signaled

the new policy in a meeting Fri-

day with the speaker of the House, Jim Wright of Texas. Af-ter the meeting, Mr. Wright indi-cated that he could work with Mr.

Mr. Wright said, "I don't want

to spell anything out, but I am encouraged to believe there is a

search under way for a policy that

would be acceptable to the presi-

The chief representative of the contras in the United States, Er-

nesto Palazio, said Saturday that

he was "sure there will be some

differences in tactics" when Mr.

"He's a different person," Mr. Palazio said. "He has his own

agenda. Bush is a man who went ship.

dent and Congress."

Bush became president.

der regional peace accords.

many provisions.

sena; or said. "Quite apart from evidence of Mr. Bush's surprisingly has undergone since he took over what you or I may think of Suntunu close relationships with governors. the leadership of his party, in a campaign wisdom on its head, he tion. Mr. Bush has continued the chose to lead the attack on his Democratic rival, Governor Miprocess of redefining himself. chael S. Dukakis of Massachusetts. instead of leaving that job to surro-

gates or television commercials. The result, as Representative Oick Cheney, Republican of Wyo-ming, observed, was not only the tarnishing of Mr. Dukakis's image but also the dispelling of the Bush reputation as a "wimp."

through Congress. He has a more

realistic sense of working togeth-er, of consensus politics. The rea-

son there wasn't that much pro-

gress on aid to the resistance in

the last couple of years is that the

issue became gripped by partisan

induce the Soviet Union to play a

more constructive role in Central

that if they want to improve rela-

tions with us," an aide said, "their

behavior in Central America will

be one of the factors affecting the

overall content of the relation-

Bush aides said they boped to

"We will let the Soviets know

battles.

said Representative Lamar S. Smith of Texas, one of the younger Republicans in the House. "It's worrisome when an executive surrounds himself with people in his exact image. Bush has chosen some people with backgrounds like his, like Jim Baker and Nicholas Brady, and some who are different, like Dan Quayle and John Sununu. He's shown that he's got the confidence to seek out a variety of back-

"There's strength in diversity."

grounds and personalities." But as Mr. Kean observed, all the key appointees so far are all people well known to Mr. Bush.

Other presidents-elect have sometimes chosen people they barely knew for sensitive positions; that was the case, for example, with John F. Kennedy's selection of Robert S. McNamara as secretary of defense.

Mr. Bush, or so it seems to politicians as they study his early moves for clues, prefers to work with known quantities.

Some people around Mr. Baker suggested early last week that his duties would extend far beyond the foreign policy realm.

"I don't know whether Bush did things the way he did because he was irritated by all the speculation or whether it was his intention all along," said an official close to Mr. Bush's transition team, "but he has certainly made it clear that Baker's sphere is the State Department, pe-

But another ranking Republican with close ties to the president-elect said that because of his longstanding friendship with Mr. Baker, Mr. Bush would undoubtedly turn to Mr. Baker for advice in tight situations. What had become clear, the second Republican said, was that "even Baker's point of view won't necessarily prevail."



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By Philip S. Gutis

monist Party, one of the coalitionpen ald Reagan has issued an executive order permitting the federal government to take charge of emergency planning at two deeply troubled nuclear power plants. But the move apparently has come too late to help efforts to begin commercial operation of the plants, federal officials, as well as supporters and

opponents of the plants, say. The executive order, released Friday, authorizes federal officials to prepare, coordinate and contribfederal resources to evacuation plans for nuclear plants where local state governments have re-

Federal officials said the order was aimed at speeding the licensing of the Shoreham plant near New York City and the Seabrook plant in New Hampshire by circumventing local objections to emergency evacuation plans for communities around the two plants.

At Shoreham, on Long Island, the president's action virtually as-sures that Governor Mario M. Cuomo will win approval of a plan

to close the plant.

Many legislative opponents of Shoreham have been reluctant to approve the plan, saying it is too costly for ratepayers.

make it almost certain that Shore- ments. ham can win a long-sought license for commercial operation, is likely to push those legislators to vote for

as a real possibility. cials said their emergency planning plans for both plants. has already been completed, the main threat is now the financial weakness of its owners.

Opponents of the plant have asked the Nuclear Regulatory Commission to examine the ques-

latest of several recent actions that ing and expensive safety require-

Victor Stello, the executive director for operations of the Nuclear Regulatory Commission, which the deal before it expires Dec. 1. controls the licensing of reactors, Otherwise, the opening would loom said that even without the president's order, the commission was For Seabrook, where utility offi- nearing approval of emergency

In interviews, some administration officials disputed the view that the order comes too late.

The Energy Department's senior nuclear energy administrator, Theodore J. Garrish, said that both tion of whether a bankrupt utility is the Shoreham and Seabrook plants "financially qualified" to hold a were capable of producing power

But the presidential order, the license for a plant with such exact-atest of several recent actions that ling and expensive safety require-important to the energy security tor, Scott G. Denman. of the country."

But even if the plants are not licensed, he said, the new order will prove "generally belpful to all of our plants in a similar situation," a view shared by critics of the nuclear industry.

The director of the Safe Energy Communication Council, a coalition of 13 environmental groups led by the Sierra Club and the Environmental Policy Institute, called the order an outrage.

"It's a greasing of the skids for a new generation of nuclear power plants that can come on line with no public oversight and a one-shot

The White House order, which was long expected, was a bittersweet moment for both utilides, "Certainly, if this had come much earlier, when we were deliberating the legal authority issues, this would have resolved" the emergency evacuation issue, Mr. McDonnell said.

Mr. Williams of Seabrook agreed. If the order had been in place earlier, he said, "it would have given us a clear understanding of what federal resources are available to us -what shelters are available, what traffic control resources,

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EL UPDATE

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The three-engine Falcon 50 and 900. Executive jets as safe as airliners. Of course you could stick with comparing operating ranges, cruising speeds, usable cabin space t Moscow hate suggested that it is britain next month to make the and the soundproofing of other private jets. Which, just between us, would only again highlight the advantages which are the strength and reputation

of the Falcon the world over. But the comparison stops there for one very simple reason. The Falcon 50 and 900 have three

Use of a third engine positions both of these aircraft at the very strictest level of safety, that imposed on airliners making overwater flights via the shortest routes. This provides the aircraft with additional power always at the ready for the systems which ensure your comfort and safety.

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keep in mind the importance of the on-board electronics of a long-range aircraft.

Objectively speaking, the security offered by the three-engine Falcon is comparable to that of commercial airliners, not of other corporate jets in their class. This is of course why executives prefer the Falcon 50

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Business takes off with Falcon.

Herald Tribune.

A Different Pakistan

Pakistan is the latest country where mil-itary rulers have sponsored fair democratic elections to elect a civilian government. It is one of the more exciting global politi-cal developments of the 1980s, as important as the moving of human rights considcrations to the center of things was in the 1970s. While neither of these developments is complete, the United States can take quiet satisfaction in being a principal patron of both of them.

There was in Pakistan, by all reports, a genuine and general exhibaration at the opportunity after 11 years to return to popular rule. Democratic elections do not merely legitimize political power and establish a country's international respectability, they also confirm citizens' dignity. The time is past when military governments could be suffered as the best alternative available in difficult circumstances, let alone celebrated for their putative advantages. Everywhere

the generals are on the defensive.

Not that in Pakistan they are gone from the political scene. The international and ethnic tensions hovering over and in Pakistan ensure that the military remains in the near background, politically discreet now but capable of asserting itself later. Most

ruler, Mohammed Zia ul-Haq, were rejected at the polls. But 36-year-old Benazir Bhutto won the most seats (a plurality) and appears the likely choice to form a new government, and her elevation is sure to the detachment of a military that harbors vernment, and her elevation is sure to test abiding distrust for her late father, for his and now her party and for her populist inheritance. In the election period Miss Bhutto has been taking careful note of the military's sensitivities. But certain lines they could turn out to be lines of agreement or lines of tension — are shaping up; on one side the duly elected prime minister governs, while on the other the military presses to retain its lion's share of the budget, its nuclear enterprise and its control over Pakistan's assertive policy in Afghanistan.

The United States enjoyed the convenience of working with the old Pakistani military leadership in Afghanistan. But although the turbulence generated by the Afghan war has not yet come to an end, almost all Americans who think about it are bound to respect and support Pakistan's achievement in returning at least formally to the democratic fold.

- THE WASHINGTON POST.

PLO: Clearly Unclear

Why was the response in the West so lukewarm in the Algiers declarations adopted last week by the Palestine Liberation Organization? The PLO did in fact move forward in endorsing United Na-tions resolutions 242 and 338, thereby implicitly accepting Israel's right to exist. But this statement and others were surrounded by gamesmanship and murkiness. It took a leap of faith to credit and trust what Yasser Arafat said he was doing. The PLO knows the difference between

nbfuscation and clarity. Look at the dramatic statement last June

by Bassam Abu Sharif, Mr. Arafat's spokes-man. He stressed what united Palestinians and Israelis — a shared longing for peace and security -- because "no one can build his own future on the ruins of another's." The key to peace, he said, lies in direct talks between the two peoples, with neither side dictating who should speak for the other. He said it was a Palestinian delusion to

believe that peace could be achieved by negotiating with non-Israelis, notably the United States. And Israelis delnded themselves in believing that peace might be ob-tained by bypassing Palestinians and deal-ing with Jordan. The hope, he went on, was for two states living in peace with reasonable measures for mutual security. His statement, although assailed by rejectionist

chehards, was neither disavowed nor en-dorsed by Mr. Arafat. It floated in limbo, inviting the belief that the spokesman was preparing the way for his leader.

Hence the letdown at Algiers last week, and the confusion among those trying to make sense of the opaque declarations that the meeting yielded.

The dense text on terrorism appeared to endorse the "armed struggle" within Israel, although that phrase was not used, as initially reported and repeated in our com-

ment earlier this week (IHT, Nov. 17).

Mr. Abu Sharif told the BBC why be wrote his June statement in English: "When we write to our Arab readers in our Arabic language, which is rich with vocabulary, the meaning and content will be lost. Through the English language we address the Western mind, which we need to support our cause." Does this mean that the PLO wants to send different messages to its different audiences?

Mr. Arafat knows how to decode his points. If be did not feel able to do so given splits within the PLO, Americans and Israelis can be pardoned for laboring over his meaning. Asked at a press conference to confirm whether the statement constituted recognition of Israel, he would not. The PLO knows the words needed to trigger United States action — and has not said them yet. -THE NEW YORK TIMES.

Koreans Want the Truth

Democracy is at work in South Korea in the most strenuous way. The opposition now controls the legislature and with it a new investigative capacity, which it is using to probe the suspected lavish misdeeds of its old newesis, former President Chun Doo Hwan. The findings are having a devastating impact on Mr. Chun, who was forced to step down last February by massive public demonstrations. They are also deeply embarrassing to his successor as president, Roh Tac Woo, his longtime military comrade and political protege, who had seemed to be doing fine — making Korea more democratic, holding the Olympics, maintaining economic momentum, staying close with the United States, appealing for reunification - until this truck came down the road.

Koreans, thinking in broad terms of the abuse of power, claim to see a resemblance to the American Watergate. But the Korean case is unquestionably graver. Mr. Chun, a military man, is accused of brutality, corruption and unlawful seizure of power. Hearings have been held — the witnesses include victims of army torture — into the most flagrant incident of his eight-year tenure, the army's suppression of a popular uprising in Kwangju in 1980 in which at least 200 civilians were killed. His relatives are being arrested; a brother has already

been sentenced to seven years for embezzlement. In the past the opposition said it would not press for criminal prosecution of Mr. Chun himself if he apologized fully, returned ill-gotten gains and accepted exile to his hometown. But until now he has been resisting these conditions, and public calls to move against him are rising.

Pushing President Roh one way are whatever feeling of personal loyalty he may have to his crstwhile friend and patron and also the threats that Mr. Chun is making to tell dark secrets about his former colleagues. Pulling him the other way are pressures from the political arena to let the truth come out and, presumably, his notion of

what is best for his country, Looking hard at the past is something new tn South Korea. There were always reasons or rulers to keep that painful task from being done. This year's transition from authoritarian to democratic rule, however, has changed the pattern. There is a passion to clear the air. It would be startling if some part of it were not of political origin. but another part seems to entail a deeper investment; to tell the truth so that bad things will not be done again. Mr. Chun is paying one sort of price, Mr. Roh another,

for a scaring exercise in democracy. -THE WASHINGTON POST.

Other Comment

Who Watched the Money?

When George Bush was proclaiming his government's love of the Marcos leadershin seven years ago, did Washington know nothing of the many reports of wealth accumulating in Malacahang? Of course it knew about them, and, thanks to the CIA, proba-bly knew a hell of a lot more besides. Where did the money in the Philippine Treasury come from, anyway? A great part of it was U.S. aid. Still more was practically shoveled at Mr. Marcos by American commercial banks that didn't know what to do with all their petrodollars. Western governments cheered on the lending binge, never scru-pling to warn the banks that the money might find its way to Zurich. Nor did the bankers bother to investigate too closely.

Taxpayers in the Philippines could always be held accountable for any shaky loans.

Filipinos now find themselves accountable for the neglect of Western governments and benks. Such hypocisy is part of the entire attitude of moral superiority reflected in the Rajiv Gandhi ought to consider this if he Western press whenever "corruption" is has any plans for visiting Stockholm. sniffed out in developing countries: The

scandal is the skimming and bribe-taking, not the people who cheerfully hand over the money. If Thai soldiers and businessmen siphoned off \$3.5 million in covert U.S. military aid in the Cambodian resistance, where were the American field administrators to watch where this money went?

If anyone is to stand trial in a U.S. courtroom for what happened in the Philippines, it should be American policy makers. And businessmen who betrayed their own stan-dards of honor and responsibility, without which capitalism becomes a thieves' market. In India's Bofors scandal, Sweden refused to press its investigation of the arms manufacturer, which allegedly paid \$40 million in kickbacks to middlemen. The firm cited a law sheltering "commercial secrets." Beyond that, though, Sweden, "the conscience of the world," advanced arms exports wherever it could, to keep the industry affoat. At the same time, it enacted a law enabling it to prosecute foreigners for taking money held by Swedes to be illegal.

- Asiaweek (Hong Kong).

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OPINION

Needed: A Cooperative Cure for Hangover

By Flora Lewis

P ARIS — Even the winners have lost. Fifteen years after the explosion of oil prices in 1973, the price of petroleum in real terms is not a lot

higher than it was just before. But the damage wreaked is far from over. Several countries which thought they had, by divine indulgence, be-come rich forever are still suffering from the binge. Others are falling ever more hopelessly into debt.

Piecemeal efforts have been made to patch the system enough to keep goods and services flowing, but there is still no

German chancellor, startled African

investment, wasted, or to a lesser ex-

officials meeting in Nigeria recently when he said that never again could they expect the torrents of capital that poured out of the industrial world in the 1970s. They were created by the sudden shift in terms of trade. flooding oil producers with money turned over to Western banks for

tent used for their own development. That in turn produced the vast

Extensive studies are needed on economic costs that must be included in development plans to assure environmental protection.

overall scheme for a reasonably ex- Third World debt crisis, which also panding balance to meet the world's needs. Bumbling through has been possible because those responsible did learn something from the Depression about the wages of economic war.

The lesson remaining to be learned that abrupt upheaval with attempts to establish a "new world economic

to establish a "new world economic order" winds up harring all. There is no longer any substitute for deliberate cooperation among the world's nations, in economic as well as in security, political and environmental affairs. Helmat Schmidt, the former West

afflicts some oil producers now, Mexico and Nigeria among them. Top Nigerian economic officials say rue-fully that, after all, their country would have been better off if they had never struck it so rich on oil.

"It is like the man who wins a lintery and builds a castle," said one. "He can't maintain it, and then has to borrow nr move out." Expectations destroy prudence, too-easy money promotes profligacy and corruption, and there is an chance to win again. What remains is "structural re-

adjustment," the most ominous phrase in the Third World now. It is International Monetary Fund's jargon for the imposed austerity that is undermining the fabric of Third World societies as they try to recover and reorganize production. Brazil's fragile democracy is an example of the strain that may turning into too much to bear.

The collapse of commodity prices as a consequence of the industrial world's painful efforts to deal with inflation and then recession after the nil crisis will probably never be turned around. Trade patterns were changed. New materials have been developed. The third industrial revolution has cut dependence on the tra-ditional raw materials that provided livelihood and hopes for develop-ment in the non-industrial world.

The lucky ones have been the "newly industrialized countries." which were able to make the best of cheap labor and determined management, with no illusions of either massive aid or sudden unearned wealth while markets were wide open and consumer appetites inflated. Those coming later are not likely to find the same advantageous conditions. The United States imagines that it

has got over the bump, but it is living on borrowed money Western Europe knows that it has not yet succeeded. Its biggest prob-lem remains unemployment, a chron-

ic average of about 10 percent which masks much higher figures in some countries, notably. Spain. Decline of some industries was inevitable, but the rate that made it so hard to ab-

sorb was aggravated by the oil crisis. The country most devastated was the one most eager to raise and raise the golden stream — Iran. Other fac-tors contributed, but it was above all the frenzy brought by so much oil money that provoked the Iranian revolution. That led to the Iran-Iraq war and the ruination of both countries. Partly because of the distortions in both rich and poor countries, partly as well because the idea was never

acceptable to most people, the pro-

posal of zero growth as a way to make

the world cleaner and happier was soon dumped. The Club of Rome had some points, but not the right ones. Now the effort has to be for a new balance, but one more accomm ing to the diversity of needs. New frictions are accumulating between knowledge that neglect of the envi-ronment is by no means benign and urgent yearning for continuation of the growth stimulated by petrodollars and then stunted. Energy is a key factor. Extensive studies are needed on economic costs that must be included in development plans to assure environmental protection.

As the world moves on into a surprising new period, the notion of secu-rity must include economic relations.

The New York Times.

A Democrat Who Could Win in '92

By Tom Wicker

N EW YORK - A fundamental reason why Democratic nominees have lost five of the last six presidential elections — two by certifiable landslides and two by nearlandslides — is that in these national

contests Republican victories have been very nearly lily-white. On Nov. 8 in the Middle West, for example, George Bush won 57 per-cent of white voters but only 8 per-cent of blacks. In the South he took 67 percent of the white vote to 12 percent among blacks. In the West and Northeast, he could win only 13 and 12 percent of black voters, but be scored heavily with whites, by 58 and 54 percent.

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Why has this happened? Unques tionably because the Democratic Party has become associated in the public mind with blacks — partly because blacks have been voting heavily Democratic (this year from 83 to 91 percent in the regions cited above); partly because the Democrats in their eight years of presidential power since 1964 sponsored most of the programs that many whites think benefit blacks disproportionately; and partly because of recurrent campaign phenomena like Jesse Jack-son's high visibility in the Democrat-ic Party and Willie Horton's in this

year's Republican television appeals.

Michael Dukakis would have lost the 1988 election in any case, because peace, prosperity and patriotism— all embodied in Ronald Reagan were working for Mr. Bush. But white flight into the Republican Party, in all regions of the country but most spectacularly in the South, will be a palpable, continuing, virtually fatal problem for the Democrats as far

ahead as a poll-taker can see.

This is not racism in a sheet and a hood; it is race consciousness in a white as well as a blue collar. It is the dominant, underlying fact of modern national elections, year after year. Republicans who deny that they ex-ploit it are disingenuous; Democrats who pretend that they can win anyway are whisting past the graveyard.

What's to be done? The Democrats cannot and should not deny their past. They cannot fabricate some party "message" that will gloss over the problem. Nor can they win with easy symbols like a national convention in

Scarlett O'Hara's hometown, or even a Southerner to balance their ticket. Only an exceptional presidential candidate can bring white Americans back to the Democratic Party in sufficient numbers to give them a chance to win national elections, while at the same time retaining high levels of black support. With all due respect to Michael Dukakis and his late-bloom-

ing campaign, he was never the can-didate who could do it. On the one hand, and however be tried to duck it, he was a Massachusetts liberal whose career was redolent of Harvard, social programs and benefits for the disadvantaged Democrats who had flocked to Ronald Reagan. On the other hand, he had no close associations with blacks

and had won nomination in lengthy competition with Mr. Jackson.

When Mr. Dukakis spoke early in
his campaign at Philadelphia, Mississippi, without mentioning the names
of three civil rights workers murdered there a quarter century ago, it was clear that his campaign appeal would not be to blacks or bberals. But in the light of his own and his party's history, be still was not, and never became, believable to Reasan Democrats, or to chough whites, as a potential president who would have their perceived interests equally at heart. Mr. Bush, in contrast, was a suspect candidate in June but established by September a satisfactory identity as Mr. Reagan's

surrogate, and no wimp after all.

It is commonplace now to say that
Lloyd Bentsen might have won had he
been at the head of the Democratic ticket. So Senator Bentsen might have, fundamentally because in his Texas experience he had established rapport and built confidence in bimself within the black community, while as a senamanner had not identified him to whites as a social or fiscal radical in-

regaining liberal access to presidential power, through liberal pressures within a president's party.

The New York Times.

Fight Racism From Both Sides of the Color Line

P RETORIA — I reject the approach of those of our countrymen who would refuse white South Africans the right to join in the national

effort to eliminate oppression.
It seems to suggest that whites must be rejected for being white. It fails to realize that racism knows no racial bounds and that just as the ruling National Party taught racism oo its upward momentum, so, too, can our own black organizations turn into racialist monsters of the future.

The struggle against racism must not and should no longer be looked at from the side of black people alone. It must be looked at, and fought, from both sides of the color line. That does not mean that the present set of circumstances should be ignored. A necessary balance must be struck to give sufficient leverage to those who fight the immediate evil of white racism.

But those of us who shoulder the burden of struggle should not be swing around completely. We should not move over to the extreme of employing practices that may prove disastrous

on the dawn of a new day.

It is my genuine desire that when freedom day comes, it should not find reconciliation too far to attain. This immediately raises the question of the methods of struggle. The more jarring and shattering the methods, the deeper the alienation of our people and, consequently, the more difficult the process of healing the wounds

and reconciling the people.

Nonracialism as a method embodies the process of pulling blacks and whites together so that By Mosiuoa Lekota

This article is adapted from notes surrepti-tionsly written in prison. The writer is publicity secretary of the United Democratic Front, a coalition that advocates a demo-cratic nonracial South Africa. Convicted of treason on Friday, he is awaiting sentencing.

they jointly dismantle apartheid. In the process, artificial suspicions, nurtured by years of apartheid myths and propaganda, are demolished. And when freedom comes, it will not be the victory of blacks over whites but that of the people of South Africa over an evil system that has for so long set them against one another. The nonviolent path is the one that creates the greatest possibility of bringing blacks and white

outh Africans together. Black consciousness is a demand for the recognition of the humanity of blacks. It is not a demand for the denial of the humanity of whites. What it says is this; that in a world in which the humanity of whites is already acknowledged and even exaggerated to the level of an icon, blacks' humanity must also be rediscovered and raised to acceptable levels. The worship of whiteness must be done away with. In this way, an acceptable parity will be established.

There are two forms of black consciousness. For those who understand it as a simple demand for the recognition of black humanity. and to bell with the humanity of whites, prac-

tice will assume one form. For those of us who seek the bumanization of blacks while preserving that in our white counterparts, practice will assume yet another form — education and training in coexistence and mutual respect.

Those who doubt the correctness of our ap-

proach will do well to take a close look at the history of the ruling National Party. For three or four decades, it harangued its own people about "separate but equal." Today, as it tries to advance in the face of hard political and economic in the second party of the political and economic in the second party and the political and economic in the second party and realities, it is caught up in the cobwebs and hangover of the days of Verwoerdian apartheid euphoria. We shall not commit the same mistake. In political struggle, the means must always be the same as the ends. How can one expect a

racialistic movement to imbue our society with a nonracial character on the dawn of our freedom day? A political movement cannot bequeath to society a characteristic it does not itself possess. It is important to keep in mind what we mean by reconciliation. It does not mean pampering and pandering to the oppressor. Certainly it does not mean tinkering with an evil system. But it would be self-defeating to resort to patterns and

though they take us forward faster. Whatever "harder" stance may be adopted should not disregard the crucial aspect of reconciliation. Our objective is to excise a cancer in the duodenum of our society - not to destroy or poison the entire society.

grounds of action that trample on principle even

The New York Times.

Israel's Big Friend Is Committed to a Peace Policy

ASHINGTUN — George Bust is not yet in the Oval Office. but already it is clear that the Arab-Israeli problem is going to be ticking on his desk when he arrives.

He will be caught between a renewed Israeli insistence that he spurn the Palestine Liberation Organiza-tion and a rising Palestinian call that be recognize the PLO. Unquestionably, the show of Palestinian modera-tion at Algiers launches a new cam-paign built around the contention that finally the PLO has taken a position reasonable enough for the United States to press Israel to accept.

A case can always be made that the Arab-Israeli dispute is simply too hard and that nothing makes it worse than American efforts to make it better. Such efforts, the doubters say, inevitably come down to squeezing Israel and end up either exposing Israel to mortal risk if they go too far, or exposing the United States to diplomatic embarrassment if they don't go far enough.
This is the argument — a warning

masked as realism - stirring in the official Israeli quarter now. It is also pointed out, and fairly, that the new and improved Palestinian position remains painfully equivocal—no surprise, since it was framed not just to reach out to the United States with a hint that Palestinians could live with Israel but also to avoid burning bridges to the part of the Palestinian movement that wants to undo the

state of Israel altogether.

But Mr. Bush will also bear a powerful counterargument. It is that the Palestinians, for all their continued worrisome hesitations, are now more respectful of the key United Nations Middle East settlement resolutions — 242, calling for an exchange of territory for peace, and 338, calling for negotiations — than is any Israeli govern-ment headed by Prime Minister Yit-zhak Shamir. His Likud bloc rejects territorial withdrawal, negotiations and the whole idea of peace with any self-determining Palestinian entity.

Everything has been turned upside down. The next U.S. administration will face a Palestinian position that is still flawed but is beaded the right

way, and an Israeli position that is not just flawed but headed the wrong way: It entails an effective reneging on Israel's previous solemn national commitment to resolution 242. In agreeing, at the request of hard-sargaining Israeli Labor negotiators in the 1970s, to demand solid evidence of a change of policy by the PLO, the United States meant to be working toward an eventual negotiation for

peace. But here it is the late 1980s and the United States finds that the Likud government's real interest is to have the American policy toward the PLO fail, since success — meaning a PLO reconciled to Israel — undercuts the Likud program of annexation.

The United States has specific and

general commitments to the survival and well-being of Israel, but no part of this anticipates or allows a part-

The PLO May Have Begun a New Phase

B OSTON — Last week's session of the Palestine National Council in Algiers could be the start of a new phase — a diplomatic-political phase — in the Middle East conflict. That potential arises from these factors: A resolution, although it fell short of the necessary clear recogni-tion of Israel, took significant steps toward a realistic negotiating posture.
 Yasser Arafat, the PLO chairman,

emerged in a strong personal position, able to clarify and advance the PLO stand if he seizes the opportunity.

• The United States called the PNC resolution imadequate but encouraged further steps by speaking of "positive elements." The implied un-dertaking was that the United States would begin a dialogue with the PLO

would begin a dialogue with the PLO if those steps were taken.

The Algiers meeting was more open and publicized than any previous Palestinian session. Decisions were by majority vote, instead of by the crippling rule of consensus, and the losers did not walk out. The press was there in the consensus and the losers are the consensus, and the losers are the consensus and the losers. in large numbers, interviewing delegates of sharply differing views.

The publicity raised outside expec-tations too high. It created the impression that the council would unambiguously recognize Israel. In the event, its statement was a patchwork of phrases more and less murky. Nevertheless, American specialists on the Middle East saw meaningful signals in it: • The PNC statement spoke of UN resolution 242 as a basis for negotia-

withdraw from occupied territory to "secure and recognized" boundaries - which means recognition. • The statement did not forswear terrorism in all circumstances, but it avoided such phrases as "armed strug-gle" and gave overwhelming emphasis

tion. Resolution 242 calls on Israel to

By Anthony Lewis

to negotiation. It called for a "peaceful solution of the Arab-Israeli conflict" and for "arrangements of security and peace for all the states of the region."

In taking the symbolic step of declaring an independent Palestinian state in the occupied territories, the PNC reiterated its desire for a confederation with Jordan.

 The declaration of independence relied on the 1947 United Nations resolution partitioning Palestine. That

The people of the West Bank and Gaza have made clear in the last year that most favor a political solution.

was a big change, since the Palestinian Covenant explicitly rejected the parti-tion resolution and the Jewish state it created. The covenant was scarcely mentioned at this PNC meeting. Skeptics, and there are many, will say that all the talk of peace is sugar coating, that the PLO is really determined to destroy Israel. The test of that has to be a practical one: Will Chairman Ara-

necessary steps for negotiation, and will a negotiation produce reliable guarantees of security for Israel? A crucial indication of Palestinian intentions is the feelings of a key group of Arafat constituents: the Palestimans living under Israeli occupa-tion. The people of the West Bank and

fat use his mandate to take the further

Gaza have made clear in the last year that most favor a political solution.

For a leader like Mr. Arafat to be more forthcoming in what he offers usually requires that he believe that the other side will reciprocate. Before President Anwar Sadat of Egypt went to Jerusalem in 1977, he had been privately advised that in exchange for peace Israel would return all or almost all of the Sinai. There will be no hints of reciproca-

tion from the present government of Israel, Prime Minister Yitzhak Shamir has said repeatedly that he will not give up an inch of the occupied territo-ries. His reaction to the PNC meeting last week was to call for a "political war" on its impression of moderation.

If there is going to be an incentive to keep moving the PLO down the path to negotiation, then, it has to come from the United States. Washington's

cautious reaction last week, calling the PNC meeting "encouraging" but not enough, was a start. More can follow, The United States should make explicit what is now implicit: that it is ready for serious talk with the PLO if it unambiguously accepts Israel as a permanent reality and rejects terror-ism. Washington should reiterate that it is for negotiations on the basis of 242, trading land for peace. And it should repeat what Secretary of State George Shultz has said: that the Palestinian claim to statehood is something to be brought up in negotiations.

The danger of the Israeli-Palestinian conflict will make its settlement a high priority for the Bush administration. There is no way to settle it without talking to the Palestinians. And anyone who opens his eyes to reality knows by now that that means talking to the PLO.

The New York Times.

pansion that one member of the partnership worked up entirely on its own and in contravention of its pledges to the other partner. This is not what Americans signed in the 1970s, and it is not what Americans signed up for when they took Israel under their protective wing long before that.

Nor can it be asserted that the
United States is morally bound to support any Israeli choice democratically arrived at. This builds in an unwarranted electoral incentive for Israeli annexationists. It mocks the mutually respectful consultation whose value, you would think, would

not have to be underlined for Israelis dependent on a distant great power. Mr. Bush, not yet president, seems hesitant to go beyond the formulas of fidelity to Israel that be uttered in the campaign — formulas which, to make the best of it, avoided tough questions but in avoiding them left him some play. He cannot easily get into the issue now. But he cannot responsibly sit by without finding a way to inform the Israelis that he is dead serious about holding open all diplomatic options consistent with the U.S. commitment to a settlement

negotiated on the lines of 242. Ronald Reagan is still president. His administration seems more focused on the technical disabilities than on the political possibilities of the Palestinians' new text. This is too narrow. A time will come quite soon for a judgment on what strate-gy will best elicit further change from the Palestinians. This is a time for responsible officials in the Reagan administration to make sure, that the Israelis know, as they form their new government, that the Unit-ed States is committed to peace.

The Washington Post,

tor his moderate record and restrained tent on upsetting the order of things --particularly the racial order. Senator Bentsen himself may be too old for consideration in 1992, but he represents reasonably well the kind of nominee the Democrats need if they are to compete again at the national level. Such a candidacy would not be an abandonment of bberalism but a practical means of

100, 75 AND 50 YEARS AGO

1888: Slavery Warning ZANZIBAR - The British Consul-General has issued a stringent proclamation warning British subjects of the penalties incurred by making illegal contracts with slave owners for South African Union is a self-governthe employment of slave labor. There exists, nevertheless, a great anomaly. The Belgian consul has just engaged 100 slaves for the Congo State directly from the slave owners, who claimed and received half the wages advanced before permitting the embarcation. It is reported that the plan of blockade

1913: Indians Protest

has been changed so as to include the whole of the coast.

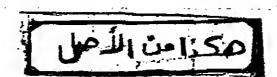
BOMBAY -All classes in India are

would not be tolerated if they were in a foreign country, and they ask in anguish bow the Crown tolerates it in its own dominions. The Indians in South Africa number 150,000, of whom 133,000 are in Natal. As the ing dominion, the British Government has no authority to intervene

1938: The Need for Jobs NEW YORK - Mrs. Franklin D.

Roosevelt today [Nov. 20] appealed to the New York branch of the American Association of University Women to avoid "fear" complexes and to use their trained minds in scelcing solutions of national and world problems. It did no good, she said, merely to "fear" possible outunited in a passionate appeal for the breaks of Fascism and Communism intervention of the Imperial Government in the Indian question in South
Africa, and even the Indian women

The Social solids as secret to clear up are holding a public meeting. The such social evils as unemployment, people say that the barbarous treatment meted out to the Indian strikers breeding grounds for foreign "isms."



By Tom Wicke TEW YORK A fund of the season why Democrated of the season which is the season wh cerample, George Bush wat cent of white voters but out of percent of the white was percent among blacks, in the south percent among blacks, in the and Northeast, he could be and Northeast, he could be and Northeast, he could be and 12 percent of black be scored heavily with this.

My has this happened? tionably because the first Party has become associated public mind with black public mind with black because blacks have bear because blacks have bear beavily Democratic (this is above); partly because the craits in their eight years of the programs that many think benefit blacks dispute ately; and partly because of campaign phenomens likely; son's high visibility in the bear of Party and Withe Horostry year's Republican television in Michael Dutch have because of the programs and Wither Horostry and Wither Horostry and Wither Horostry year's Republican television in

year's Republican television by Michael Dukakis would be the 1988 election in any cache peace, prosperity and panes all embodied in Ronald Regulations were working for Mr. Back Br. flight into the Republica la all regions of the county in spectacularly in the South palpable, continuing vinus

ahead as a poll-taker cm see This is not racism in a sleet. hood; it is race conscious white as well as a blue collar h dominant, underlying fact of E national elections, year share Republicans who deny that the ploit it are disingentions Des who pretend that they can any way are whistling past the man.
What's to be done? The bar

cannot and should not day by They cannot fabricate sone "message" that will glow ee problem. Nor can they was no symbols like a national come Scarlett O'Hara's hometown, no Southerner to balance their int

Only an exceptional prese candidate can bring white Are back to the Democratic Party ficient numbers to give theme to win national elections, white same time retaining high he black support. With all dience Michael Dukakis and his hist for more when the same of the same ing campaign, be was noor it

didate who could do it. On the one band, and home tried to duck it. he was a Man setts liberal whose career val Harvard, social more Democrats who had flocked wi ald Reagan. On the other last had no close associations with and had won nomination in his compension with Mr. larks

When Mr. Dukakis spoker his campaign at Philadelphia's sippi, without menuoning the of three civil rights workers and not be to blacks or librals let light of his own and his partyle he still was not and new to believable to Reagan Democrat enough whites, as a potential who would have their percent ests equally at heart Mr. is June but established by Some satisfactory identity as Mr. Is surrogate, and no wimp shall It is commonplace now on Lloyd Bentsen might have was

been at the head of the less

50 YEARS.

AMERICAN

Court Rules for Care. Not Praver, in Illness

The California Supreme Court has ruled that a member of the Christian Science church can be prosecuted in the death of her child because she provided only spiritual healing and not conventional medical care. The ruling may influence a dozen other pending cases, The New York Times reports.

The case involved Laurie Lee Walker, who had been charged with involuntary manslaughter and child endangerment when her 4-year-old daughter, Shaun-iay, died on March 19, 1984 of some bacterial meningitis after a 17-day illness. Ms. Walker, a Christian Scientist, had relied on prayer to heal her daughter, receiving spiritual and practical support only from an accredited Christian Science nurse.

Representatives of the Church of Christ, Scientist, have argued that the government should not mandate conventional medical care over spiritual alternatives, when both can claim successes and failures.

The California court stated that although the U.S. and Califormia constitutions protected re-ligious belief absolutely, both allowed restriction of religiously motivated conduct for sufficiently grave reasons.

It cited rulings by the U.S. Supreme Court permitting parents' religious beliefs to be overruled in matters of less serious risk to children; such as compulsory vaccination and limits on child labor. "Parents have no right to free exercise of religion at the price of

endary labor leader, are being

NICOSIA - The Iranian leader,

Ayatollah Ruhollah Khomeini, re-

sponding to a letter from former

President Jimmy Carter, has reject-

ties, Tehran radio said Saturday.

"Just as I have said before, the

selationship of Iran and the United

States is like the relationship of the

wolf and the lamb, and between

these two there can never be recon-

tiliation." Ayatollah Khomeini

said, according to the broadcast.

- The report; monitored in Cy-

a child's life," the court said. Short Takes The ashes of Joe Hill, the leg-

presented by the National Archives to his union, the Industrial Workers of the World, which now has its headquarters in Chicago. During the IWW's heyday, before World War I, Hill organized a successful strike in Utah but was then convicted of murder, apparently on trumped-up charges. He was executed by a firing squad on Nov. 19, 1915. His ashes were scattered, but an envelope of them found their way to the National Archives, which decided they should go to the

An unmanned 21-foot (6.4-meter) radio-controlled submarine apparently being used by drug smugglers has been found off Boca Raton, Florida, Officials said the submarine was designed so the operator of a nearby boat could submerge it by remote control if drug agents approached. The hatch could be opened only from the outside, they said, and it apparently was not designed to carry passengers.

A composer was accused of plagistizing himself, but a federal district jury in San Francisco found otherwise. The composer, John Fogerty, who wrote "Run Through the Jungle" in 1970 as leader and songwriter for the band Creedence Clearwater Revival. copied it to produce "Old Man Down the Road" in 1985. The copyright on the earlier song was owned by Fantasy Records, which sued. Mr. Fogerty's lawyer. Kenneth I. Sidle, said any similarities between the two songs were the result of Mr. Fogerty having written both of them."

The army bugler who botched the sixth note of "Taps" 25 years ago at President John F. Kennedy's funeral at Arlington National Cemetery in Virginia has not forgotten it. "I missed a note under pressure," said Keith Clark, oow 60 and retired to Fort Pierce. Florida, "It's something you don't like, but it's something that can happen to a trumpet player."

hostages in Lebanon.

ed any improvement in U.S.-Iran tages in Lebanon could remove one

prus, said Ayatollah Khomeini also friend of mine who has been im-

Mr. Carter told Ayatoliah Kho-

meini that the release of U.S. hos-

of the main obstacles to re-estab-

lishing Tehran-Washington ties,

provided a statement from the for-

mer president. It read: "In my note,

I was responding to an initiative

from Iran. My purpose was to ob-

tain the release of David Rabhan, a

the radio reported Saturday.

Khomeini Rejects a Carter Letter on Ties to U.S.

he radio reported Saturday.

A spokeswoman for Mr. Carter mon, said the full text of the letter



TROUBLE BREWING - Under a new U.S. faw, all containers of alcoholic beverages now must bear labels warning of the risks that alcohol poses to drivers and to pregnant women.

justice and humanity, Iran will use hurdles in the re-establishment of

the U.S.

been intentional, a ripple of sad- with acting and movies."

Notes About People

Madonna Louise Veronica Ciccone, the rock star known proessionally as Madonna, got mixed reviews for her Broadway debut in David Mamet's "Speedthe Plow," but says she is undis-couraged. She recalled that when sbe started as a songwriter and singer, "they slandered me for the first two albums. Finally, on my last alhum, they said, OK, she's In the aftermath, the cracked ! talented." Now, she said, "I'm

issued a statement denying any prisoned in Iran for almost nine American hostages in Lebanoo can connection between Iran and the years.

American hostages in Lebanoo can be released as soon as possible; this

"My hope is that in the name of

its influence to encourage the re-

lease of all American hostages by

would not be made public. Miss

Harmon did not identify Mr. Rab-

han further, or say why he had been

The radio quoted Mr. Carter's

letter as saying, "I hope that the cast said.

working through normal chan-

note was widely believed to have I going through the same thing

Ronald Reagan, who has al-ready said he will probably gn back on the lecture circuit when he leaves the White House, is expected to become the country's highest-paid speaker with fees of up to \$75,000 per appearance, says U.S. News & World Report. Former President Gerald R. Ford and former Secretary of State Henry A. Kissinger are reported to get a mere \$20,000 or so per

Arthur Highee

act would remove one of the main

friendly relations between Iran and

Fourteen foreigners, including

nine from the United States, are

held by Lebanese Shiite groups be-

The letter, dated Oct. 30, was

received by Ayatollah Khomeini's

office, and Iranian experts have

confirmed that the letter is in Mr.

Carter's handwriting, the broad-

lieved loyal to Iran.

West Frontier Province.

In the parliamentary elections,

his consultations, would talk to Al-

nominate a prime minister who

Miss Bhutto, when informed of Justice Minister Sajjad said that the proposed meeting with the President Ishaq Khan, continuing president in a telephone call by a

The acting president is required

reporter to her Karachi home, said, "I will think about this."

In a brief statement, Foreign

He said the cabinet would advise

A. Crocker, an assistant secretary

of state, of its decision "during the

of the regional plan.

The cabinet was also expected to

all four parties at another meeting,

probably in the Congo capital,

South Africa has administered

Namibia despite demands by the

United Nations that it yield control

After a basic agreement was an-

nounced in New York in July, link-

ing Namibian independence to a

Cuban withdrawal. South Africa

said it would be prepared to start

the transition to independence on

of the former German colony.

Minister R. F. Botha said the South

government congratulated Paki-stan on Sunday for its democratic elections and said it looked forward to friendly relations with the South African officials began talking about Jan. 1.

African cabinet was giving the peace proposals its consideration. That date now looks unlikely. Martii Ahiissaari, the Finnish dipfomat who is the UN special reprethe chief U.S. negotiator, Chester sentative for South-West Africa, estimated earlier last week that it would take six to eight weeks to put into effect Security Council Resolution 435 of 1978. That resolution discuss the pivotal matter of the contains a plan for the transition of

timetable for the Cuban withdrawthe territory to statehood. al. If approved, this could open the The United Nations expects to way to South African endorsement send more than 9,000 soldiers, police officers and civilian specialists If South Africa endorses the reto keep peace and supervise elecgional plan, it would be signed by

> Mr. Savimbi said Saturday that his guerrillas were respecting an informal agreement with the Cuhans not to attack each other.

Mr. Savimbi also said that President-elect George Bush had given assurances since his election that U.S. aid would continue until the Cubans had left and the Soviet Union stopped supplying arms to the Angolao government. Such U.S. aid reportedly includes Nov. 1 if Cuba kept its part of the ground-to-air Stinger missiles.

PAKISTAN: Talks on Forming a New Government to Begin on Tuesday

Pretoria's Assent to Peace Pact Expected

South-West Africa, or Namibia, to course of next week."

has received aid from South Africa

The plan, which the three coun-

tries agreed to in Geneva on Tues-

day at the latest round of talks

hrokered by the United States, links independence for the South

African-administered territory of

the pullout of about 50,000 Cuban

troops from neighboring Angola.

a timetable for the Cuban with-

drawal until Tuesday, when the ne-

gotiators announced that ao agree-

American diplomats in Geneva

anti reports Friday quoting diplo-

mats in Havana said that Cuba had

agreed to a withdrawal over 27

If so, this is a compromise, since

South Africa wanted the troops out

within two years, and Cuba said in

could not withdraw them in less

The details of the related negoti-

ating obstacles have yet to be dis-

closed, including the pace of the Cuban withdrawal and the reposi-

tioning of the Cuban troops farther

from the border of Namibia.

than two and a half years.

ment had been reached.

months.

The negotiations had stalled over

and from the United States.

(Continued from page 1) muster slim majorities in sparsely

By Christopher S. Wren

JOHANNESBURG - Al-

though South Africa says publicly

that it is still studying the detailed

plan for regional peace in southern

Africa that Angola and Cuba have

approved, there were indications

over the weekend that the Pretoria

government was likely to give its

At his headquarters at Jamba in

southeastern Aggola, Jonas Sa-

vimbi, leader of the National

Union for the Total Independence

of Angola, said Saturday that

South Africa's president. Pieter W.

Botha, had invited him to visit

Wednesday to discuss the peace

proposals, presumably including

the timetable for troop withdrawal.

the Marxist government since Angola won independence from Por-

tugal in 1975, has been excluded

from the negotiations at the behest

UNITA's approval is considered

occessary to allow a smooth Cuban

withdrawal and an end to the An-

golan civil war. The guerrilla army

of the Angolans and the Cubans.

UNITA, which has been fighting

populated Baluchistan and North-

Miss Bhutto's Party won 92 seats. 17 short of the 109 needed for a majority. Mr. Sharif's alliance obtained 55, and independents and small parties picked up 68. Two byelections are pending.

taf Hussain, leader of the Karachibased Mohajir National Move-ment, on Wednesday. The group, which won 13 assembly seats, holds considerable political influence.

is likely to win the support of a majority in the National Assembly.

She said earlier on Sunday at a news conference that she was confident she would form the next government, and she ruled out a power-sharing arrangement io a "national consensus" government.

(AP. Reuters)

■ India Hails Elections

NEW DELH! (Reuters) - The

"We have always been keen for the establishment of friendly and good-neighborly relations between India and Pakistan." a Foreign Ministry spokesman said.

"Accordingly," he said, "we look forward to working together with a popularly elected government for the speedy and complete normalization of todo-Pakistan relations

in our mutual interest. The spokesman refused to say whether India preferred Miss Bhutto's party or Mr. Sharif's alliance. Pakistan and Iodia have fought three wars since both countries

gained independence from Britain in 1947.

CANADA: Mulroney Leads Polls

(Continued from page 1) suade Liberal or New Democratic members to break ranks and give him the votes he would need,

The Gallup and Reid polls found that opposition to the pact was waning. Gallup reported that 50 percent of those polled were against it in early November after a debate in which the Liberal leader, John Turner, accused Mr. Mulroocy of "selling out" Canada to

the United States. But Gallup said opposition had dropped to 45 percent by last week and to 41 percent in the survey published Saturday. Only 34 per-cent favored it, bowever, Gallup found. Mr. Reid found that 46 percent of those surveyed supported leaders."

gle issue in Mr. Turner's campaign, and it propelled his party from third place to a brief 12-point Gallop Poll lead after the late-October debate. Mr. Mulroney has countered with sharp attacks on Mr. Turner's ability to lead, and Gallup suggested that this strategy might be working. "Deep-rooted concerns about

Mr. Turner's leadership ability appear to have resurfaced at this critical point in the campaign," said a Gallup vice president Lorne Bozinoff, in an analysis accompanying the latest poll results. "Rather than a referendum on free trade, the campaign has turned into a referendum on Canada's political

the agreement, and 43 percent were Nearly all polls show that voters opposed.

The trade pact has been the sinpetent of the three party leaders. feel Mr. Mulroney is the most com-

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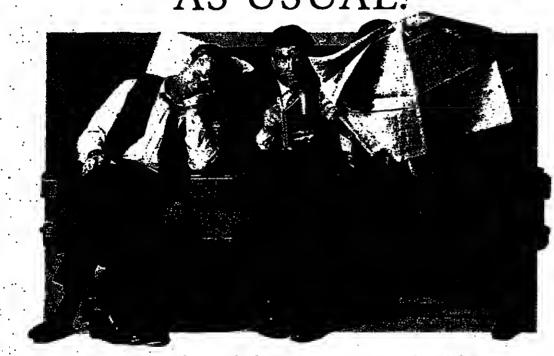
HOTEL INTER • CONTINENTAL PARIS

Thanksgiving Day November 24th, 1988

To celebrate Thanksgiving Day oo Thursday November 24th 1988, from 12 noon till [1 p.m., we shall be pleased to welcome you to our restaurant "La Rousserie Rivoli", where our Chef Jean-Jacques Barnier will prepare a traditional "Thanksgiving Feast".



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Christina Onassis, Heiress, Dies at 37

Compiled by Our Staff From Dispatches BUENOS AIRES — Christina Onassis, 37, heiress in the billiondollar fortune of Aristotle Onassis, died Saturday in Buenos Aires while visiting friends, apparently after suffering a heart attack, offi-

The police said a judge had ordered an inquiry into her death, Reuters reported. The Diarios y Noticias news agency said that pills found by her side were being ana-

Miss Onassis's aunt, Mary Onassis, ruled out any question of suicide and said the cause of death was a heart attack

Miss Onassis fell ill as she prepared to go swimming about 11 A.M. in a pool at the weekend home of close friends, a doctor

Mary Onassis said her niece's body would be flown to Greece on Monday or Tuesday for burial on the family-owned island of Skorpios, heside the graves of her father and her brother, Alexander, who died in a 1973 plane crash. (AP. Reuters)

Heiress to an Empire By Wolfgang Saxon

New York Times Service Christina Onassis was head of a family business empire and the stepdaughter of Jacqueline Kennedy Onassis. Her father laid the foundation of his self-made fortune in shipping, real estate and high finance in Argentina and was a dual citizen of that country and

Aristotle Onassis died in 1975 in France and his daughter and only surviving child was left in charge of the Onassis Group. The group's two major shipping companies are Springfield Shipping of New York City and Olympic Maritime of

Monte Carlo. Miss Onassis was a native New Yorker but gave up her U.S. citiness and finance in the New York offices of her father, beginning as a 20-year-old secretary. After his death, she gradually strengthened her hold over the Onassis Group.

One of the world's richest women, Miss Onassis had frequently dealt with adversity. There was the death of her only brother. Alexander, in a plane crash in 1973. She herself went through four muchpublicized marriages and divorces.

The social life on the Onassis's 325-foot (99-meter) yacht, named Christina, included personalities such as Winston Churchill and the soprano Maria Callas, Mr. Onassis was romantically linked with Miss Callas when his own marriage to gossip columnist who with Louella the village and one shop, a kiosk the clders. This is especially true

Athina Livanos, another shipping heiress, broke up in 1959: Mr. Onassis, in 1968, married Mrs. Kennedy, the widow of John F. Kennedy, whom he first met in

Miss Onassis defied her father in 1971 hy marrying Joseph R. Boiker, a millionaire real-estate developer. A divorced father of four. he was 27 years her senior and the union broke up within months, apparently at the insistence of her

Her next marriage, strongly pro-moted by her father, took place shortly after his death. Her second husband was Alexander Andreadis, a Greek shipping and banking heir. It lasted 14 months.

Miss Onassis's third marriage, in Moscow in 1978 to Sergei Kauzov, a Soviet shipping agent, again made headlines, as did her flight to Greece a few days later and their separation in 1979.

She married a French busine man, Thierry Roussel, in 1984 and they had a daughter, Athina, the following January. They filed for divorce eight months later.

Friends in Athens said Mr. Onassis was thinking of divorcing the former Mrs. Kennedy at the time of his death and had intended in limit a divorce settlement to \$3 million rather than the \$250,000 a year provided in his will.

The reports of a forthcoming divorce were denied by Miss Onassis. who in 1977 was said to have made a much more generous multimillion dollar settlement in return for which Jacqueline Kennedy Onassis dropped all further claims against

Mr. Onassis's will roughly divided his fortune in half between Miss Onassis and the Alexander Onassis Foundation, which supports charitable and cultural causes.

■ Onassis Holdings

The estimated \$1 billion fortune of the Onassis Group, about half of which now belongs to Miss Onas-sis's daughter and the rest to the foundation, will continue to be managed by the board of directors. a member of the group said Sunday, The New York Times reported

The treasurer of the Onassis Group, Apostolos Zambelas, said he would "not deny" reports that the Onassis assets currently were valued at more than \$1 hillion.

Sheilah Graham,

Hollywood Gossip Writer PALM BEACH, Florida (AP) -Sheilah Graham, the Hollywood



Christina Onassis

Parsons and Hedda Hopper formed what came to be known as the "Unholy Trio," died Thursday in Palm Beach. Differing biographical sources put her age in the late 70s or early 80s.

Miss Graham, born in London's East End, lived a life as colorful as the people she wrote about. She had a love affair with F. Scott Fitzgerald for the last three years of his life, and once lamented: "I won't be remembered for my writing. I'll tress." Fitzgerald died in 1940.

Yevtushenko: A Soviet Poet Seeks Respect of Peers

By Celestine Bohlen

New York Times Service NEW YORK —"I know that popularity and talent are not equal things," said Yevgeni Yevtushenko, once the boy-rebel of Soviet poetry. But some poets cannot forgive other poets for being very popular. It is psycholo-

At 55, Mr. Yevtushenko is still trying to get a little respect from other poets, writers and for-mer friends who left the Soviet Union in despair or disgust while he was making a successful ca-

It is an awkwardness that is

especially apparent in the West

where many of Mr. Yevrushenko's peers now live, and judge him for what they see as his failure to keep true in the fight against consorship and repression in the days before glasnos

Rifts dividing the world of Russian letters are not new. But in a period when travel and exchanges



Yevgeni Yevtushenko

are increasingly permitted, when emigres and Communist Party members sit together on international panels, when Soviet film directors are negotiating to make movies of what were once called "anti-Soviet" works, the lingering

case stand out. "I have been so insulted by

them, and for nothing," he said Saturday in an interview in New York, where he is ending a threeweek visit. "They have no proof, no evidence. In this they are children of Soviet society, even in their anni-Sovietism. It is very Soviet to be accurring people without

Saturday night, when he opened a series of poetry readings at the Village Gate in Greenwich Village, many stars of the Soviet emigre world of New York were

Joseph Brodsky, the Nobel Prize winner, took his stance two years ago when he withdrew from the American Academy of Sciences to protest Mr. Yevtushenko's being made a member. Mr. Yevhushenko cites other

examples: the poet Irina Ratushinskaya who, upon her release from prison and arrival in the

as "an official poet." Vasily Aksionov, the novelist

who now lives in Washington, has impeccable credentials in the also refused contact in recent

This is very, very painful," said Mr. Yevtushenko, using in conversation the same gangly, expansive gestures that have made him one of poetry's most popular. showmen. "After all, I am a human being."
Mr. Yevtushenko finds the

shunning particularly wounding because in several cases he personally rose to the defense of these writers, interceding, he says. privately for Miss Ratushinskaya's release from a prison, de-fending Mr. Aksionov and others who were expelled from the official Writers Union.

One Soviet emigre artist who did come to Mr. Yevtushenko's reading, the sculptor Ernst Neizvestny, expressed gratitude for the poet's help in getting permis-

had feelings in Mr. Yevtushenko's West, dismissed Mr. Yevtushenko sion for Mr. Neizvestny's mother to come to the United States. Mr. Yevtushenko feels he has fight against Stalinism, Russian chauvinism and other ills of Sovi-

et society. "Before there was a dissidents movement, there was Yevtushenko," he said, noting a poem he wrote in 1952 against Stalinism.

before the leader's death. His poem "Bahi Yar," which protested anti-Semitism, helped establish him in the West. And in the recent era, Mr. Yevtushenko, together with his old companion from the 1960s, Andrei Voznesensky, has led campaigns within the Writers Union to rehabilitate Boris Pasternak and to ward off a reactionary backlash to glasnost. lu New York, Mr. Yevrushenko is also raising money and support for an unofficial group head-

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ed hy Andrei D. Sakharov dedicated to building a monument to Stalin's victims.

FAMILY: The Tie That Binds African Societies, but Also Constricts Them

(Continued from page 1)

family, I would be saved a lot of

"But I cannot turn out anybody if there is space to sleep," he said You don't know what they will go to the village and say. That sort of thing counts a lot. I am not so worried about this talk of witchcraft. That is not what worries me at all. What worries me is my own conscience.

Though frayed by cultural stress and inimical to Western concepts of efficiency, the extended family has proven itself adaptable to Afri ca's deepening poverty and political instability

A remarkable demonstration of ago when Nigeria, in a fit of xeno-

The mass deportation came at a time of severe drought and eco-ripped Stella's dress. nomic hardship in this country of 14 million people.

Expecting social upheaval and water into a sponge.

was dropped off in his home village be sent for. late on a Friday afternoon.

that sells cigarettes, soap and among the Ashanti, Ghana's larg-hread. When Mr. Oduro arrived est tribe. Before the British subhome, the klosk appeared to have been freshly painted. It bore a por-trait of the singer Michael Jackson and the slogan, "No Hurry in

Mr. Oduro had left his wife Margaret back in Accra with their children. Instead, he brought home Stella Adgei, 27, who works with him as a researcher at the university. He and Stella have been seeing each other for a long time. Last year he met her parents for drinks. proposed marriage and received their blessing. Mr. Oduro has told a few of his university colleagues that Stella is his second wife.

He has not, however, mentioned this occurred in Ghana five years his second marriage in his first wife. Margaret does not like Stella. phobia, ordered the expulsion of The two have met only once, and it more than 1.3 million Ghansian was not pleasant. Margaret charged into Mr. Oduro's office at the Department of Sociology and

When Mr. Oduro climbed the broken from steps and walked into his family's bouse, a structure he fearing starvation, Western relief was born and raised in, his mother agencies drew up emergency plans greeted him with a curtsy and imto erect camps for returnees, With- mediately turned away in fetch wain two weeks, however, the deporter. It is an Ashanti tradition that tees disappeared, absorbed hack water must be offered to guests into their extended families like before inquiries are made. Tradition, too, demanded that Mr. After six hours in a van on roads Oduro's bag be carried immediate-that deteriorated from good to by to the hedroom in which he was bumpy to barbarous, Mr. Oduro born and that his maternal uncles

Going home to rural Africa There is one unpayed street in means respecting the traditions of

dued their nation in the late 19th century, the Ashanti empire was one of the most religiously intricate, commercially assute and militarily adventurous civilizations on

The Ashanti traded in gold, ivory and slaves. While subjugating most important among these is the

When an important chief died, his contenument in the netherworld was ensured by slaughtering a retinue of servants, wives and advisers. These beliefs, of course, have been pared down by time. Christian missionaries. Western education and English common law. Many traditions remain. The

Western education and urban migration have lured family members into different worlds. The rural old and the urban young are separated by hundreds of miles of bad roads and centuries of development.

neighboring tribes, they ruled themselves with a monarchy that scent, a complex practice common had a strong democratic component. The symbol of Ashanti unity was the Golden Stool, which by lesend descended from the sky only 40 kilometers from this village, at Kumasi, the Ashanti capital. No one, not even the the Asantehene, or king, is allowed to sit on the gold-encrusted stool; it is the soul of the nation.

Devoted to the idea that the elderly and the spirits of the recently dead can intercede with the gods in behalf of the living, the Ashanti developed elaborate rituals to keep elders and the recently dead happy. Elders were revered and sought out for advice on such issues as marriage, funerals and war. Every 43 days, recently departed kin were offered food and drink.

Ashanti concept of matrilineal deamong the peoples of central and West Africa. Family property can only be inherited from the mother's side of the family. In the Ashanti tribe, it is much better to have a rich mother than a rich father. A father's wealth goes to his sisters' children, but a mother's wealth goes to her own children.

When Mr. Oduro entered his mother's house, he knew his father would not be there. He has never lived there. The only kin entitled to live in the bouse are the "products" of his grandmother's and his mother's wombs. Mr. Oduro's father lives down the road in his mother's house. Maternal uncles, who manage family property and family affairs, loom large in the life of every back, but university business had Ashanti. That is why, when Mr. intervened. He did not write, he

continued, because he had always Oduro came home, someone ran in believed he would be home ahead the forest to fetch them. While waiting for his uncles, Mr. of a letter.

Oduro drank the welcome water his mother hrought him. Stella, a city woman who grew up in Accra and who had never before come home with Mr. Oduro, rejected it, fearing gastroenteritis.

The senior uncle and head of the

house lumbered into the courtvard after about 10 minutes. Yaw Bekoe, 66, with 21 children of his own, all of whom live elsewhere with their four respective mothers, was wrapped in a hlue and red print cloth that be wore, in the Ashanti way, off one shoulder, like a Ro-

man toga. Peter Amoakahene, in his late 50s, with 14 children who also live elsewhere, arrived in a similar togalike cloth, carrying a large transis-tor radio. A retired sanitary inspector with a government pension, he manages the family's cocoa farm, which is owned collectively hy the maternal side of Mr. Oduro's family. It is the largest farm in the village and, in a good year, be can earn \$15,000. Uncle Peter is a powerful and feared man in Dawu. Mr. Oduro says he once declared pub-

hely that he was a wizard. The uncles quickly found a bottle of home-brewed gin, poured a bit on the ground for the ancestors and tossed back a linle themselves. They ended the traditional interval of silence hy asking Mr. Odnro why he had not been home for a year

and why he had not written. Prepared for these questions, Mr. Oduro lied about why he had not been home. He said he had planned several times to come

or more economical to

He did not mention the real rea-

son for staying away.
"I don't go home because I can't
afford it," he said later. "My last trip home was for my grandmother's funeral and it cost me more

than three months' pay, I had to get loans from three colleagues at the university."
Mr. Oduro did not tell his uncles that he only came home this time because he had heard that his father needed money for a blood test, that his mother was complaining of an ulcer, that his aunt's teeth were giving her pain — and that he hap-pened to have \$160 from a research grant. For the first time since the funeral, he could afford to come

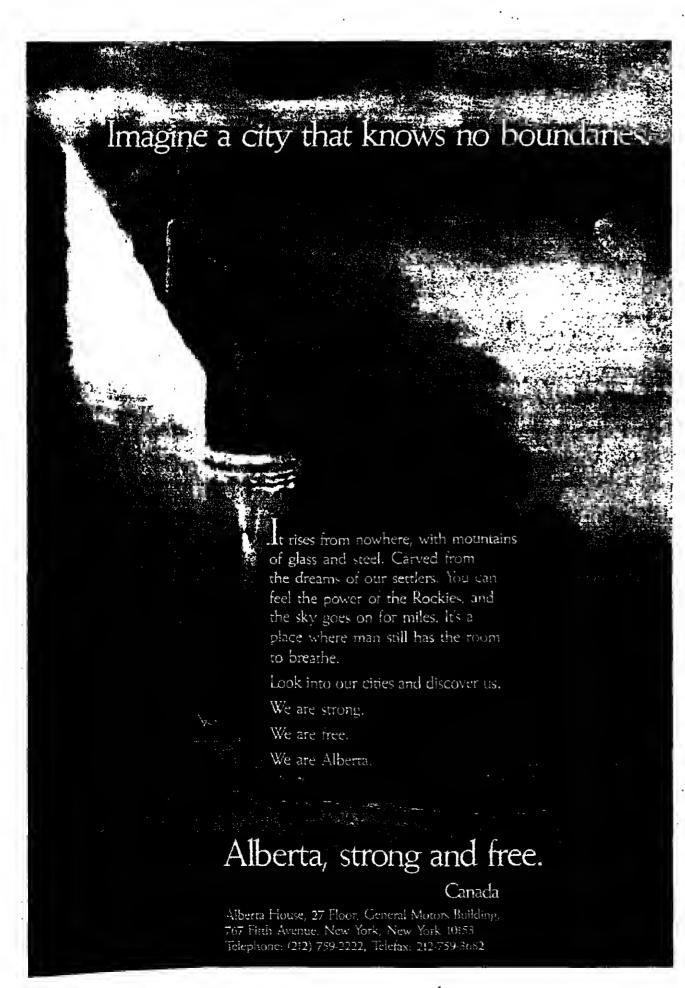
home without embarrassment. Since it was Mr. Oduro's first night home, no relative even hinted that he or she needed money.

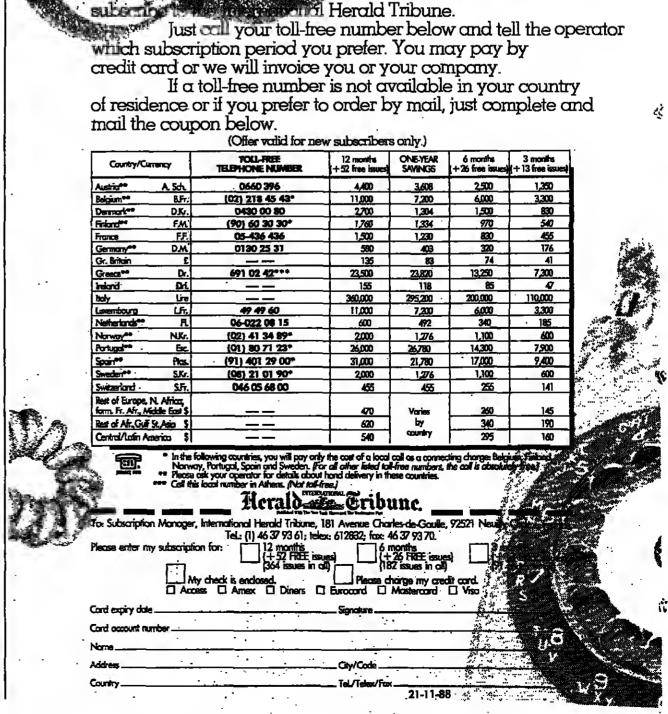
"It would be indecent," Oduro said later. "Tactically, on the second day home, everyone wants to know when you are leaving. Because then they can figure when best to ask for something."

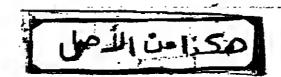
The trip was going smoothly when, late Saturday afternoon, as shadows lengthened and the heat began draining out of the day, he and Stella went for a stroll, Turning onto the main street of the village. they walked into a problem.

Margaret, Mr. Oduro's first wife, who was supposed to be hack in Accra minding the children, had followed them home. She began shouting obscenities at Stella and moved menacingly toward the dumbstruck young woman.

Tomorrow: The confrontation







sect of Pee Marchers

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Ethnic Albanians March a 4th Day

The Associated Press

PRISTINA, Yugoslavia Thousands of ethnic Albaniaos marched on Sunday through Pristina, the capital of Kosovo Province, defying warnings of a eruck-down on the biggest wave of street demonstrations in the restive southern Serbian province since World War II. ..

The march Sunday, the fourth straight day of demonstrations set off by the forced resignation of two ethnie Albanian leaders last Thursday, started when about 500 chanting students braved a blizzard to march on the headquarters of the Communist Party in Kosovo.

-Waving Yugoslav flags and ethnic Albanian emblems, the crowd of mostly reen-aged demonstrators grew to about 4,000 within two hours, roaming streets and gathering outside a student canteen and the party headquarters.

Security forces outside the building ordered the crowd to disperse. loans from three coles streets in the city center slowly university.

Mr. Oduro did new Up 10 100,000 persons marched The order was at first ignored, but Up to 100,000 persons marched from dawn until midnight Friday to protest the resignations Thursday of Azem Vlasi and Kacusa Jasari, members of Kosovo's 13-

member Politburo. Slobodan Milosevic, the party chief of the Serbian Republic, who has strongly criticized the leadership of Kosovo, put what Mr. Vlasi called "terrific political pressures" on him and Mrs. Jasari to resign as part of his campaign for more control over the autonomous province.

The provioce's acting party head, Remzi Koljgeci, tried to defuse the tension by announcing that the resignations might be reviewed and reversed. But he also warned that "extraordinary measures of security" could be introduced if demonstrations continued.

Kosovo, which is dominated by an ethnic Albanian population, is the heartland of the medieval Serbian empire. The Slav minority, composed of 200,000 Serbs and Montenegrins, alleges it is being harassed by the 90 percent Albanian population.

■ Serbs March in Belgrade Hundreds of thousands of chantine Serbs marched through the streets of the capital Saturday, demanding a greater say in the affairs of their divided nation. The New York Times reported from Bel-

Organizers of the event say 1.3 million people attended. The Tanjug press agency said that the march was the largest organized public protest in Yugoslavia since it was assembled from the wreckage of the Hapsburg Empire 70

years ago. Some Belgrade taxis and buses offered free transportação to the rally, bringing thousands of Serbs from outlying districts. Restaurants offered free meals. Both were clear signs that the protest had offi-

cial sponsorship. and in general the rally lacked some of the high emotion that has marked other nationalistic pro-

"What we have to do is change many things and many people in politics so that life will get better,"

said Mr. Milosevic at the rally. Addressing himself to the national party headquarters nearby, Mr. Milosevic said: "The leadership doesn't have much choice. Either they will lead the people and listen to their voice or time will sweep them away and history will mark them only as evil."

Mr. Milosevic did not specify which leaders he considered deficient, but be has criticized in the past those who govern the two autonomous Serbian provinces, Vojvodina and Kosovo.

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Serbs at a rally in Belgrade. The man at right wore a traditional Serbian hat while another held aloft a photograph of Slobodan Milosevic, the Serbian Communist Party leader, who spoke at the meeting.

DEFICIT: Bush Urged to Take Budget Action Soon

on Nov. 8, Mr. Bush has repeatedly resisted suggestions that taxes would have to be raised to narrow the deficit, which totaled \$155 billion in the year that ended Sept. 30. Mr. Kaufman, who heads his own Wall Street firm, also said be

expected U.S. interest rates to continue climbing. "We're in very volatile financial markets and I would suspect that the irregular upward movement in interest rates that started this year certainly will continue," be said.

Asked what would bappeo if Mr. der those circumstances the dollar will weaken and it will put further fice on Jao. 20.

pressure on the central bank to tighten monetary policy in order to stabilize conditions and in order to limit the inflationary impact."

While he said he did not foresce ao economic depression in the near future, he added that the United States risked entering a recession unless Mr. Bush showed that the budget process would "move along rather speedily."

President Ronald Reagan is scheduled to submit his hudget for the 1990 fiscal year, which begins on Oct. 1, in early January, While Mr. Bush will not be bound by Bush remained opposed to a tax those recommendations, Mr. Kaufincrease, Mr. Kaufman said, "Uri- man urged him to begin talking with Congress, Mr. Bush takes of-

Jordanian Says PLO Did Its Part And Criticizes the U.S. and Israel

nization had done its part to-ward building a lasting Middle East peace and that Israel and the United States were being

intransigent. "I believe the PLO has gone as far as it was asked to go and has contributed its share toward a comprehensive and lasting peace." King Hussein said in a U.S. television interview.

"I believe our friends in NEW YORK - Kiog Hus- Washington better go back and sein of Jordan said Sunday that look at the documents," he said, the Palestine Liberation Orga-nization had done its part to-tbat "the PLO has come through."

King Hussein said the Palestinians had met U.S. conditions for participation in regional peace talks. "I believe they have denounced terrorism," he said. "They have made all the moves, and it's time for the others 10 do

PLU: Cairo Decides on Recognition

Mr. Mubarak repeated Saturday that Cairo's attitude toward the PLO's declaration of independence ial sponsorship. was one of support. He did not mention recognition. An erroneous account of his comments by the official Middle East News Agency,

Western diplomat said.

Officials declined to specify what bad prompted the change of policy, but Arab diplomats said Arab nations viewed Egypt's recog-nition as vital in the effort to impart legitimacy to the PLO declaramost populous nation and, historically, has cast itself as the center-

weight of Arah decision-making.
The PLO coupled its declaration of independence with a political

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had hoped to build on this to draw the United States into a new Middle East peace drive.

The United States has rejected the declaration of independence and says it will not deal with the PLO until it explicitly recognizes Israel.

orrected.

"The change shows that Egypt is susceptible to Arab pressure," a Western diplomat said. which is their right to self-determination and to establish their state on their land."

It linked its recognition to the PLO's political statement, which said for the first time that the organization had acknowledged United tion. Egypt is the Arab world's Nations resolutions recognizing Is-

■ Recognition by Beijing China formally declared Sunday that it recognized the newly declared Palestinian state, Xinhua restatement that was widely inter-preted as implicit recognition of Israel. Egyptian officials said Cairo con Post bureau in Beijing.

Mr. Demonici, asked where budget savings might be found, said that fees paid to doctors under the

were rising rapidly.

"Something will probably done about their fees," he said, Mr. Gray praised Mr. Bush for expressing his determination to deal with the deficit, but said he should go further by appointing other members of his economic team, filling vacant seats on the deficit commission, subjecting his

meet with congressional leaders.

Asked whether he favored a tax

Said his government favors a str.

ger role for the private sector. increase, Mr. Gray said he did oot see how Mr. Bush could "provide for defense, take care of Social Security protections, pay the interest on the debt, and at the same time education, the war against drugs, and some other places and reduce the deficit."

"I don't know how you do that,"

Mr. Bush has estimated that his low federal spending to grow by \$100 billion over five years, enabling growth in some programs while forestalling painful cuts in (Reuters, AP, UPI) others.

■ GAO Stresses Tax Issue In its report, the General Accounting Office said that higher taxes were "probably an unavoidable part of any realistic strategy for reducing the deficit," The Washington Post reported.

The report also scoffed at the notion that the United States could erase the \$150 billion deficit through a natural growth in revenue or through a spending freeze. It also said that the nature of the deficit was masked by the growth of surpluses in committed reserve accounts, such as the Social Security trust fund, and by othernational spending oceds that will cost billions of dollars to correct, including the insolvency of the insurance fund that guarantees deposits in 500 ailing savings and loan associa-

"There are no quick or painless solutions to the federal government's budget problem," the report said. "The apparently simple or painless answers will out work."

Solving the deficit problem, the report concluded, would take a bipartisan multiyear effort by the new administration and Congress. with the president lending his stat-ure to the task and with all parts of the hudget being subject to negoti-

atioo. including military spending, entitlement programs like Social Security, and higher taxes. **ESCORTS & GUIDES** GENEVA DANY ESCORT and guide service. Tel: Geneva: 022/ 35 68 23. MUNICH - SWITZERLAND First Class Excert Service. Tel: 089/3080836 or 08143/7005. All cords. New German Escart & Travel Service. Tel: 01-482 6250 anidari Lovely Escort Service 4974() Angelo, Britto & Corman Scott & Travel Service. Call: 069/597 6666

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THAI: A Turn Toward Western-Style Democracy for a Booming Economy

(Continued from page 1) growth will reach 8 or 9 percent this

Much of the credit for this progress, analysts said, must go to Prem Tinsulanonda, a retired army commander who headed several partly elected, partly appointed governments for nearly eight and a nalí vears.

Mr. Prem and his two predecessors did not belong to political parties and did not run in elections. They served as prime minister under a constitution that does not require cabinet ministers to be members of the legislature. Mr. Prem. a Western diplomat

said, used his military connections and his position as unelected head of government to bypass the Na-tional Assembly and give crucial economic decision-making power to qualified civilian bureaucrats.

'He used the technocrats." the diplomat said, "to block uneconomic projects and a number of deals that obviously involved graft and favoritism."

But, the diplomat added, whether this approach to economic planning will continue now that control has passed from technocrats to political parties in the cabinet and the legislature is a key test for the new

Surin Pitsuwan, a legislator whose Democrat Party is a member of the ruling coalition, said, "It is a period of trial and adjustment for our political institutions, the civil service and the military."

One of the factors forcing Mr. Prem into retirement was public ressure for an elected prime minister. Many Thais had grown disen-chanted with his low-key, self-effacing style of leadership. Political Medicare and Medicaid programs parties led a popular chorus calling for restoration of civilian control of government

Thai economists and foreign investors now say they worry that poor performance by the scandalprone coalition under Mr. Chauchai, 66, will damage the economy as well as discredit democracy.

Mr. Chatichai, an experienced politician and shrewd conciliator, has not presented a coherent ecoown budget proposals to Congress has not presented a coherent eco-and having his economic advisers nomic program, although he has said his government favors a stron-

Although many businessmed concede privately that the cabinet's recent approval of substantial increases in minimum wages are justified, they are concerned that the invest in some domestic areas like government will opt for populist policies and expanded public spending oo questionable projects to keep itself in office. Mr. Chaticbai has said that the

overnment's "most urgent task is to spread the increase in income "flexible freeze" proposal would al- that we have had to the rural ar-There are doubts, bowever,

wbether his coalition will be able to deliver on its promise. lo a generally glowing report issued in October on prospects for

level for South Korea.

But the embassy said the figure chaivuth, the army commander economic condition of the vast ma- Thailand.

A growing gap between rich and poor in Thailand, and between the wealth and amenities of Bangkok and other parts of the country, is spawned by rapid economic mented political party system with growth, analysts said. Thailand's main ports, roads,

telecommunications and other business arteries are clogging up under the strain of excessive demand. There are acute shortages of skilled and professional labor, particularly engineers, technicians and mid-level managers.

Paron Issarasena oa Ayutthaya, president of Siam Cemeot Co., Thailand's largest industrial conglomerate, predicted recently that economic growth would slow in 1989 because of congestion and higher joterest rates.

Most foreign investors will find most opportunities in the country have already been filled," he said. Mr. Surin said that because Thailand had become a more open. pluralistic society, the performance of the government was under close and critical scrutiny by labor groups, students, the press and intellectuals.

But at present only two instituuons could hring down the ruling coalition: the House of Representatives and the armed forces.

The accommodation between the government and the military, Mr. Surin cautioned, was an expedient alliance "based on the personal agenda of certain individ-

It was not, he added, "based oo any democratic enlightenment or

MANAGER

the Thai economy, the U.S. Embassy estimated that per capita income in the Bangkok area was about the Diplomats said that with the descriptions of the U.S. Embassy and adherence to the principle of that his own motives, and his methods of fund raising for political activities, were as dubious as those equivalent of \$2,300, or close to the parture of Mr. Prem as prime min- of some of the politicians he atister, General Chaovalit Yongtacks.

ceed Mr. Chatiehai as prime minister, possibly as early as next year.

That analysis and foreign diplomats familiar with General Chaovalit's thinking said he wanted to a more broadly-based, pro-govern-ment organization, similar to those that ruo Indonesia and Singapore.

He has repeatedly accused legis
But Mr. Suchit said that General

lators of putting self-interest before national interest, and described political parties as voie-boving maebines and business concerns run

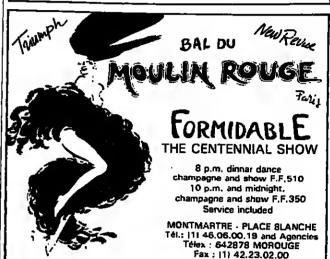
by merchants. Critics of General Chaovalit said

But Mr. Suchit said that the for other parts of Thailand could and acting supreme commander of army commander and his colbe "as low as 5300, although there the armed forces, has emerged as leagues in the military were conis widespread agreement that the the pre-eminent power broker to vinced that unless corruption in government was reduced and a susjority of the Thai population has General Chaovalit, 57, is widely rained program of rural develop-improved considerably from a desensible and a seen as having ambitions to sucrained program of rurai developmunist insurgency would make a

comeback in Thailand. "I think Thais prefer a Westernstyle democracy with extensive freedom of expression and individonly one of several problems replace the existing highly fraga system based oo dominatioo of a single party such as Golkar in Indonesia and the People's Action

> Chaovalit and his supporters were "very serious" in wanting a government that was more responsive to the needs of the Thai people and able solve pressing national prob-

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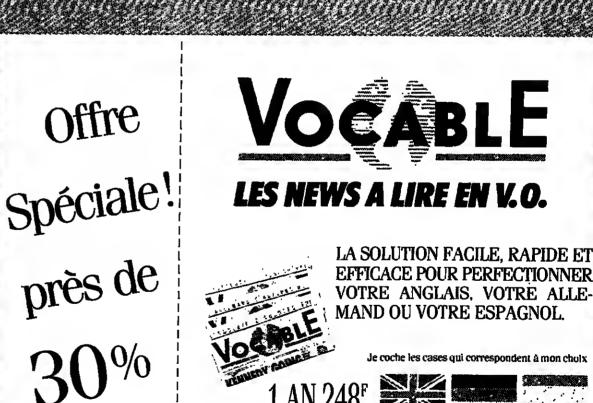
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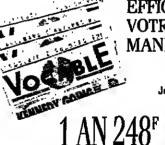
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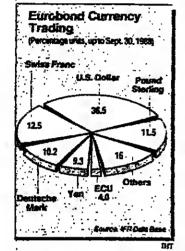
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EW YORK - There are a lot of smirks in the Euromarkets these days, mostly on the faces of investment bankers who were prepared for the worst and, d, are seeing the best

bond market in its death throes," said Alan Wilson, head of debt syndication at Morgan Stanley In-



ternational, "Instead, we're headed for a record year in terms of

Eurobond volume topped \$137 billion of new issues in the first nine months of this year, a 12.3 percent increase from last year's volume, with a trend toward larger, more liquid issues, according to the International Financial Review. While investors have always liked the broad range of paper in the Euromarkets, liquidity has al-ways been a problem because of the broad range of different types

But the market seems to have overcome some of its traditional inefficiencies this year, partly be-cause of the overwhelming investor demand for debt instruments. One factor behind this trend is

last year's stock market crash, when major investors moved out of equities into fixed debt.

There's sort of a residual benefit to the crash of '87 in that, in spite of interest rates going up, investors are looking at the bond market as a defense instrument and a lot of money is being com-mitted," Mr. Wilson said.

Despite nearly record levels, however, the Euromarkets have slimmed down, both in terms of employees and operators, in re-sponse to the new investor climate. There's not as many people ming into the business or being

hired," Mr. Wilson said. "But we

do have a better idea of what the ecocomics of the business are." While strict competition remains for deals, it is concentrated among fewer investment firms. A oumber of houses have focused on certain currency sectors and in-strument types and become choos-ier about the deals they under-

The Japanese equity warrant market continued to trigger a lot of volume this year," observed Andrew Pelling, associate director of syndication at Nomura Securines in London, "Many Eurobond departments would not have been profitable without it."

So much so that a significant reshuffling in the league tables has taken place over the last two years, with mushronming volume of equity-related debt and a strong yen driving the Japanese houses to overtake their European and U.S. counterparts. While traditional Eurobond specialists like Credit Suisse-First Boston and Deutsche Bank remain in second and third place in the rankings, Nomura holds a significant chunk of the business, with an 11 percent market share as the primary book rum-

The other big Japanese houses

— Daiwa, Nikko and Yamaichi —
combined with Nomura's strength, have been able to take advantage of their booming stock

Continued on page 11



U.K. Equities Stay Sluggish

By Marybeth Nibley

ONDON - With high interest rates in Britain beckoning investors to satisfactory and safe returns from savings instruments, stock market investments have had a tough time competing over the past several months.

The market as a whole is in a state of suspended animation," said Kenneth Inglis, the British strategist for London stockbrokers UBS Phillips & Drew, "Most investors know in their hearts that the market is cheap, but still they're worried."

Lingering doubts about the market's ability to stage a durable re-bound have held back big investors from committing funds from cash hordes built up since equities took a nose dive in October 1987. Smaller

investors also have been reluctant to place faith in equities after last year's confidence-shattering episode.

Evidence of this wariness comes from analysis of the amount of liquidity held by institutional investors, such as pension fuods and life insurance companies. Numerous estimates show institutions bolding very high

levels of casb by historical standards.
Randal Goldsmith of Londonbased broker James Capel & Company said that institutions currently have more cash on hand than at any time this decade. At 6 percent of aggregate capital assets, the liquidity level exceeds the average 5.3 percent beld since 1980. Besides cash, be indudes in his calculations holdings of gilts, which are British government bonds and considered cash equiva-

Before last year's sell-off in equity

markets. British institutional investors were about 4 percent liquid, Mr. Goldsmith estimated.

Institutional cash balances now represent more than one year's cash flow, a rare occurrence that happened only once before, in 1974, according

Others offer similar observations about liquidity. Although the figures do not precisely agree due to different computation methods, they mostly support the same theory: Investors see the wisdom and comfort of having cash readily at hand or in some type of savings account.

Peter Spencer, chief ecocomist for Britain at the London operation of Shearson Lehman Hutton, said that the market is "pretty well supported" by the liquidity while dividend yields

Continued on page 12

Search for Profits Dominates Thriving Post-Crash Scene

By Carl Gewirtz

ARIS - Leaner, after the first mass staff firings that the Euromarket has ever experienced, and saner, as the search for profits replaces unbridled competioon for position, the international capital and credit markets are headed for a

For the first nine months, the latest period for which complete data is available, the vol-ume of borrowing totaled \$337 billion, topping by 14 percent the previous record in the com-

by 14 percent the previous record in the comparable period a year ago. Excluding foreign bonds, ontably Swiss franc issues, this year's gaio is 12 percent at \$301 billion.

The driving force behind this remarkable recovery in the months following the October 1987 crash, a force that is in fact reshaping every major aspect of the international market,

Swaps are financial engineering that enable borrowers to exchange their public issues — which are selected simply on the basis of the available arbitrage opportunities — into the desired end-product, which can be a different currency as well as a different instrument, a floating rate liability instead of a fixed coupon.

The swap market is opaque. There is no data no how many international bond issues are accompanied by a swap, although the consensus among leading investment bankers is that certainly more than half of the new issues are so linked

Nor is there any comprehensive information on the booming market in private placements. Bankers estimate that the annual volume is easily in the tens of billions of dollars. This business is reported to generate substantial profits due to the fact that these transactions are typically very large and highly engineered, meaning that they are far more complicated than a simple swap from fixed to floating rate or from one currency to another.

Overall, there is no way to measure how profitable the swap business is for the banks that arrange them.

Without putting numbers on it, bankers privately say that the necessary infrastructure in computers and the oumber of financial wizards to manipulate the input are very large. Bot,

growth of the business to a market size exceeding \$1 trillion would appear to substantiate

A rough estimate of the size of the market is about the only real information that is made public. At the eod of last year, the latest period for which data is available, there were \$890 billion worth of interest rate swaps outstanding and \$220 billion of currency swaps, the International Swap Dealers Association re-

Swaps, to be sure, are not new. They have been around for about five years. But over time

The recovery is fueled by the swap market.

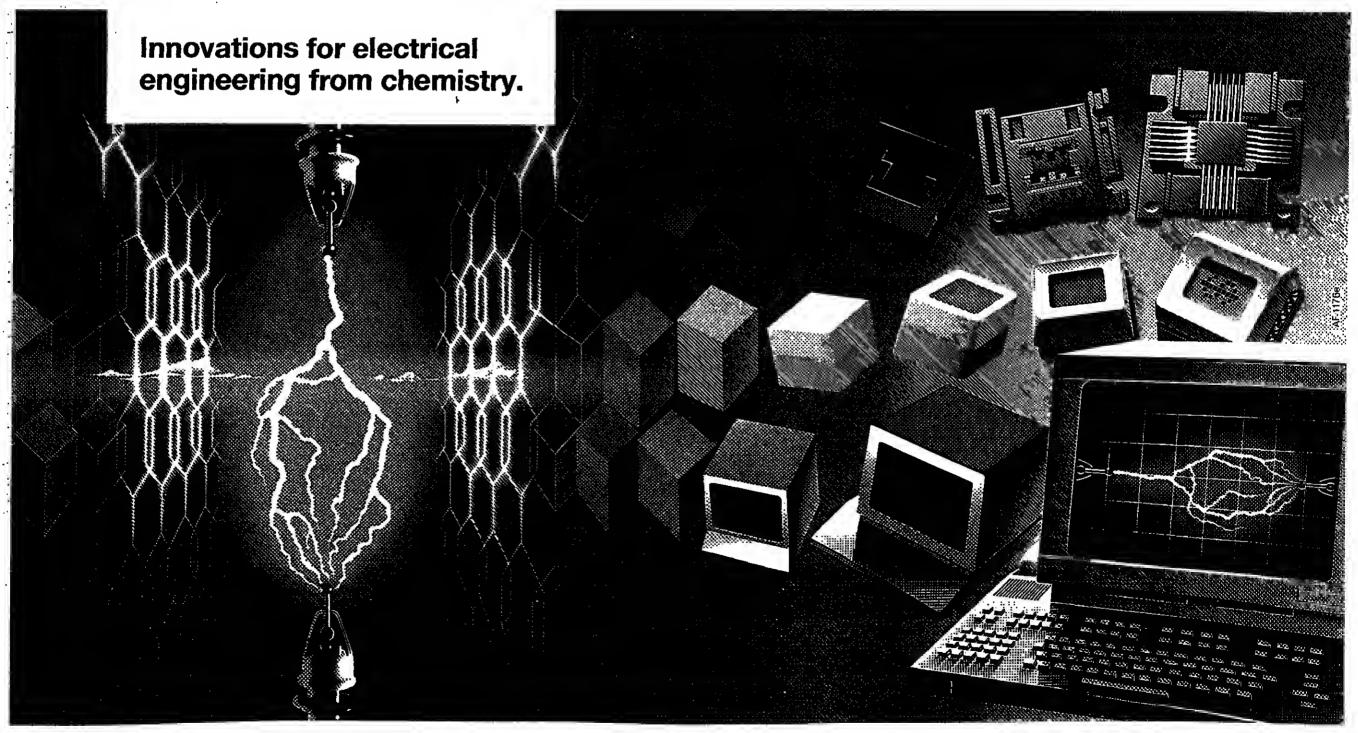
it becomes increasingly evident that, as the volume of business expands dramatically, it also is fundamentally altering the structure of the Euromarket.

Their impact began to be felt in 1987. By opening the possibility of swapping fixed-rate obligations into floating rate liabilities at terms much lower than could be achieved in the public market, the swap market sent the floating rate note sector of the Eurobond market into eclipse.

This year's nine-month volume of \$15 billion in oew FRNs, although double last year's pace, is a mere shadow of the \$51 billion annual volume recorded in 1986. This year's recovery reflects more realistic pricing, with interest ranging upward from 1/4-point over the Loodon interbank offered rate. But in the swap market, borrowers can expect to raise floating rate money at a cost of some 40 basis points below Libor.

Apart from killing the FRN market, the

Continued on page 12



Clearly, the products of electrical engineering are in the forefront of progress.

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Nordic Nations Ease Capital Restrictions

By Michael Metcalfe

OPENHAGEN — The corporate, banking and sovereign borrowing sectors of the countries making up the Nordic region have long prided themselves on being in the vanguard of innovation and sophistication in tapping the array of funding instruments offered by the Euromarkets.

Two striking developments characterized their presence in Euromarket financing late this year. They had in common the notable progress made in recent years by the Nordic nations in dismantling the stockade of forcign exchange controls impeding the flow of capital in and ont of the region.

In these instances, the regulatory authorities in Sweden and Denmark were prompted by an acute awareness that failure to remove these obstacles would bring the risk of financial isolation as the last barriers to a single financial market were demolished in preparation for the European Community's single market after 1992.

In the case of Denmark, as of Oct. 1 this year, the capital transactions abroad of all Danish residents — private individuals and corporations alike — were declared free of restrictions for the first time since 1931.

"Private Danish bank clients hitherto were barred from placing deposits or taking up loans in foreign currencies via Danish or foreign banks, nor were they allowed to purchase short-term foreign bonds," noted Ib Christiansen, deputy director at Den Danske Bank. Similarly, nonresidents were

not permitted to place Danish kroner-denominated deposits in Danish banks. With the abolition of these restrictions.

Danish individuals now have a much wider scope of capital transactions — including access to the Euromarkets — available to them from both Danish and foreign banks. In Sweden's case, October marked a his-

toric change in the country's relations with the Eurobond market. In a financial imnovation that will have far-reaching repercussions for the Swedish krona as an international debt-financing currency, the World Bank launched the first Eurokrona bond.

With a 10.5 percent coupon, the 500 million krona (\$82 million) five-year bonds joined the Canadian, Australian and New Zealand Eurodollar sectors as high-coupon markets appealing to retail investors.

Although Euro-issues have already been seen in the currencies of Sweden's Nordic neighbors, this was the first time that the Swedish regulatory authorities had granted approval for such an offering.

According to senior bond traders in

Stockholm, the decision signaled a move toward the opening up of the domestic Swedish capital markets before 1992.

In a country where relatively stringent foreign exchange and capital flow curbs still prevail, nonresidents are not permitted to buy into Swedish government debt — that

world Bank issue thus represented a novel opportunity for the international investment community to invest freely in a debt instrument denominated in Swedish krona.

The issue, priced at 101% and lead-man-



A branch of the Skandinaviska Enskilda Banken in Stockholm.

aged by Sweden's premier bank, Skandinaviska Enskilda Banken, is certain to be followed by Others.

While the regulatory authorities in Sweden and Norway have tended to take a conservative attitude toward efforts for greater reciprocity in the creation of freer flows of international capital, this approach has not applied to the Euromarket financing operations of Nordic entities and institutions. They have tapped Euromarket instruments with innovation, shrewdness and sophistication, winning fine terms in the Eurocommercial paper, Euronote and certificates of deposit markets.

For example, Sweden's quasi-public trade finance agency, Swedisb Export Credit, or SEK, earlier this year claimed a major breakthrough in its new \$1 billion Euroenmmercial paper, or ECP, program.

The innovation enables investors to purchase hedged dollar-denominated paper issued by the agency and then to swap it in a simplified and more flexible way than before in the \$55 billion ECP market.

According to the bankers, the main problem with existing swap-driven dollar ECP programs was that the investor purchasing, for example, a six-month security and then selling prior to maturity had to unwind the foreign exchange swap, which is not negotiable. The swap could be unwound, but that left the investor prone to the risks of foreign exchange market fluctuations.

The novetty, developed jointly by SEK and Bankers Trust, one of the dealers un the program, is that the foreign exchange component of the transaction is as liquid and tradable as the underlying commercial paper program itself.

MICHAEL METCALFE, a journalist based in Copenhagen, is a correspondent for Business International.

Bonds With Warrants Gain Popularity in Japan

By Paul Maidment

OKYO — Investors wanting a backdoor way of playing the Tokyo stock market have turned to Japanese corporate bonds with warrants attached. These have given the Eurobond market a shot in the arm. In the first half of this year, Japanese corporations made 147 new Eurobond issues, worth nearly \$20 billion or one-fifth of all new Eurobond issues. Four-fifths of them were bonds with warrants.

A warrant gives a bondholder the right for a designated period to buy a share in the company issuing the bond at a predetermined price. Warrants can be stripped off from their bonds when these are sold on to investors by the issue's underwriters. They are then traded at a discount in the secondary market. Underwriters repackage the detached warrants or use them for asset swaps by creating synthetic floating rate notes.

Bonds with warrants are popular with companies.
Usually, such issues pay a lower rate of interest than a straight bond. So they cut a company's borrowing

One day earlier this year three Japanese companies, Mitsubishi Paper Mills; Taisei Corporation, a construction firm, and Nihon Kohden Corporation, a maker of electronic medical equipment, issued bonds with warrants for \$150 million, \$300 million and \$50 million respectively. All three issues carried a coupon paying 4½ percent for five years. Eurodollar rates were around 8 percent at the time.

Investors have accepted such a relatively low rate of interest for bonds with warrants because such issues seem to offer a cheap way to play Japanese stock markets. For example, Nippon Steel's \$600 million issue in June gave the holder of the warrant a four-year right to buy the company's stock at a 2½ percent premium to its closing price on a set day the following month.

That is also the weakness for Japanese companies of bonds with warrants as a funding instrument. If investors turn cool on Japanese stock markets, then such issues become less popular with investors. The only alternative is to increase the interest that the bonds pay. However, dealers say, it would weaken the Japanese securities houses' relationship with their corporate customers to suggest higher interest rates un their bonds.

Rather than accept that, Japanese companies prefer to postpone issuing Eurobonds with warrants when the Japanese stock market looks sour. Last year, following October's collapse of share prices worldwide, a clutch of 42 Japanese companies had to postpone Eurodollar warrant issues worth a total of \$5.3 billion, including a \$700 million issue from Nissan Motor.

This year, too, there have been postponements whenever prices of bonds with warrants fell in the face of expectations of higher interest rates and an oversupply of dollar-denominated issues. In late July, several issues were postponed. About \$4 billion worth of bonds with warrants had originally been planned for the month.

Most warrants sold in Japan are from dollardenominated Eurobonds issued by Japanese corporations. The market value of warrants outstanding is estimated to be 1.2 trillion yen (\$9.6 billion), according to financial analysts. More than half that total has been brought back into Japan. Japanese companies use their Eurobonds to raise dollars that they then send back to Tokyo to be swapped into yen.

Eurowarrants issuers are paying only around 4 percent to 4½ percent on their bonds. Even after swap costs, they are getting their yen cheaper than if they had to borrow them in Tokyo. On the other side of the swap, there is a ready market in Japan for

which need to pay for their overseas direct and portfolio investments.

Though it is a volatile market because the flow of new issues depends on the prospects for the Tokyo stock market and swings between feast and famine. Enrowarrant trading has proved profitable for the Japanese securities houses. Analysts say that Nonnu-

ra Securities, the leading Japanese securities house

provide a construction of the construction of

cheap dollars among industrial and financial firms.

The issues seem to offer a cheap way to play the stock markets.

and the top-ranking lead-manager in the Eurobond market league table, made 36 billion yen from warrant trading in the six months to September.

Daiwa Securities, another of the Big Four Japanese houses, made an estimated profit of 12 billion yen

bouses, made an estimated profit of 12 billion yen during the same period.

For all underwriters, bonds with warrants have subsidized much of their other Euromarket business

this year. Performance has been spotty, with many sectors of the markets lackluster.

Japanese underwriters have been less affected than many of their American and European rivals. Since Japanese borrowers have dominated the European market this year, it is Japanese investment banks that:

have lead-managed many of the issues.

Whereas some firms that were not in the Eurowartant market, such as Citicorp, have withdrawn from several parts of the Euromarkets, Japanese firms have been expanding their staff.

The Big Four — Yamaichi and Nikko complete the quartet — all rank in the top eight of the Eurobond-lead-managers league table. The Japanese securities houses have an advantage over their commercial bank compatriots because the Japanese Finance Ministry's internal guidelines all but forbid Japanese corporations from using a Japanese bank to lead-underwrite their bonds, even in overseas markets.

The justification for the guideline is that commercial banks are excluded from investment banking in Japan and it would violate the spirit of the law if the banks were allowed to lead underwrite bonds abroad. The securities houses are not prepared to agree to concessions unless they are allowed to break the bank's monopoly on foreign exchange business which, they argue, they need for their swaps business.

PAUL MAIDMENT is the Tokyo bureau chief for The Economist

Strong Guilder Drawing Foreigners to Amsterdam

By Ronald van de Krol

MSTERDAM — Attracted by low interest rates and the consistent strength of the guilder, foreign firms have stepped up their presence on the Dutch bond market and their use of Euroguilder paper, creating a buoyant market with prospects for increased activity in the months ahead.

activity in the months ahead.

Analysts say that Dutch institutional investors are flush with cash and more willing than ever to invest in guilder paper. Although the country's wealthy pension funds continue to make frequent noises about their desire to begin shifting more of their funds into shares, little evidence of new investment strategies has emerged, ensuring that the bond market, especially the important state loan sector, will continue to absorb most of this money.

Once saddled with a reputation for stodginess, the Dutch market has been undergoing something of a craze for currency warrants in recent months. Swedish Export Credit Corp. (AB Svensk Exportkredit) led

the way in early October with a 100 million guilder (\$50 million) issue carrying a low coupon of 0.5 percent, a price of 98 percent, and detachable warrants enabling investors to buy dollars at a fixed rate against the Deutsche mark.

With the Dutch guilder proving to be nearly as strong as the mark, the issue carries little guilder/mark risk but allows investors to gamble on the dollar's movements. At the same time, the low coupon is attractive for tax reasons. Following the success of the Swedish bond, other issuers, including McDonald's, Dutch insurer Aegon and Toyota Motor Credit Corp., quickly followed suit later in the month.

The currency warrant, a new instrument for the Dutch market, is just one of the innovations in Amsterdam since the Dutch capital market first began to undergo a "rolling Big Bang" in early 1986.

"rolling Big Bang" in early 1986.

Prompted by Britain's plans for a major reform of the London market, the Duch government began a gradual liberalization that gave more scope to foreign banks in the Netherlands and permitted the launching of once-banned instruments, such as commer-

cial paper, certificates of deposit, bullet bonds and floating rate notes. To be sure, the low-key reform has not

To be sure, the low-key reform has not precipitated a headlong rush into innovative new instruments. Nevertheless, the use of certificates of deposit and commercial paper programs has shown steady, albeit modest, growth, further cementing Amsterdam's position as the premier capital market of the Benelux countries.

The most significant of the Dutch bberal-

ization efforts may prove, in the long run, to be the decision to allow foreign banks to

lead-manage guilder-paper issues and to underwrite much of these issues on their own.

Over the past two years, foreign-owned investments banks, led by Credit Susse-First Boston Nederland and Swiss Bank Corporation Investment Banking, have set up offices in Amsterdam and begun to win business away from the four major Dutch players—Algemene Bank Nederland, Amsterdam-Rotterdam Bank, or Anno, and

les, Bank Mees & Hope and Pierson, Heldring & Pierson. The arrival of outsiders has not passed

their respective investment bank subsidiar-

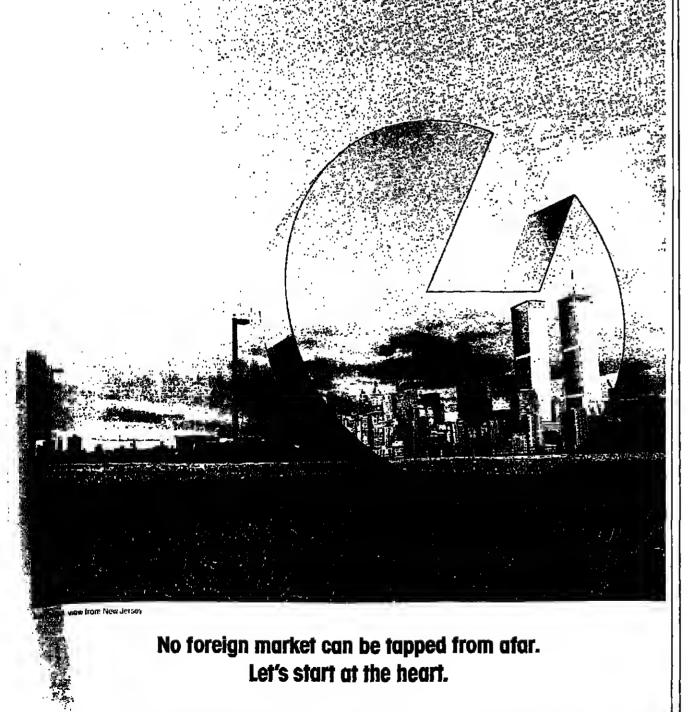
without incident. In February, hoekmen—
the specialist market makers un the Amsterdam Stock Exchange—briefly boycotted a
250 million guilder Eurobond issue for Austria lead-managed by Credit Suisse-First
Boston because the bonds had not been
listed in Amsterdam but in Luxembourg,

where listing costs are lower.

Although foreign penetration of the Dutch market has certainly increased, the pain was lessened by Amro's recent coup of being named lead-manager for General Electric Company's \$500 million Eurobond. The Eurobond is not only one of the largest issues to emerge on the dollar sector of the market this year, but it is also the biggest issue ever arranged by a bank in the Bene-

From the point of view of Amsterdam's reputation as a financial center, one clear benefit of the GE Eurobond is that it will be listed on the Amsterdam Stock Exchange instead of in Luxembourg, where most Eurobonds tend to be listed.

RONALD VAN DE KROL is a journalist based in Amsterdam.



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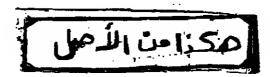
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Gerhard Stoltenberg

nailed down the first six places.

West LB added a touch of glam-

or to the DM Eurobond sector at

the end of October with the an-

nouncement of its solo lead man-agement of a 100 million DM issue

for Venezuela, that debtor coun-

try's first appearance in this mar-

ket since the sovereign debt crisis struck six years ago. The Venezue-

lan issue, which attracted 16 co-

managers, came at par with an

8.25 percent coupon. It was well

While the German government

struggles for a clear policy on the withholding tax, a couple of steps are being taken to spruce up the

appeal of the domesne bond mar-

EDW ARD ROBY is the English-

longuage editor of Vereingigte Wirtschaftsdienste GmbH, an eco-

nomics news agency based in Frankfurt'

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corrowers have dominated the fire year, it is Japanese investment bate nanaged many of the issues. some firms that were not in the fire t. such as Citicorp. have withdrage ts of the Euromarkets, Japanes expanding their staff.

Four — Yamaichi and Nikkoomike all rank in the top eight of the limb sers league table. The Japanese are e an advantage over their come patriots because the Japanes Fee: West German government found internal guidelines all but forbiding itself in the absurd position of the front region of the forbiding itself in the absurd position of the front region of the forbiding itself in the absurd position of the absurd positio is from using a Japanese bank at having to pay a premium in rela-their bonds, even to overseas name tion to certain sovereign foreign their bonds, even to overseas main fication for the guideline is that one are excluded from iovesiment bails it would violate the spirit of the bri allowed to lead underwrite bonds to iles houses are not prepared to an s unless they are allowed to best:

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in Japa Securities Tax Is Driving German Markets Abroad Securities Tax Is Driving German Markets Abroad

By Edward Roby

RANKFURT - Four years ago, West Germany abolished a coupon tax on domestic bonds purchased by foreign investors as an initial step in a wide-ranging program to liberalize the German capital market. Now the government seems to be groping toward a new version of the coupon tax that would hit domestic investors.

The lifting of the coupon tax m 1984 resulted in a surge of foreign investment in German fixed-interest securities. It was followed by a succession of liberalization steps that have opened the issuing scene in Deutsche mark-denominated bonds to foreign banks while creating a place for a widening array of new instruments like floating rate notes, zero coupon bonds, interest rate and currency swaps and certificates of deposit.

But the government has refused to drop its 0.25 percent transac-tion tax on securities, which tends principle ad-manager in the base of the financial community and domestic investors, it plans to levy a 10 percent withholding tax on interest earnings at their source same period.

Alone the announcement of

this new tax in October 1987 was reformance has been spotty, who flight of capital to havens like Luxembourg and Switzerland and to skew investment strategies away from domestic bonds and into the foreign D-mark Euro-bond sector, which would escape

> The impact of the withholding tax, which was opposed by Dentsche Bundesbank, was apparently underestimated by Finance Minister Gerhard Stoltenberg. It quickly created a yield gap between the D-mark Europond sector and the market for domestie bonds. The borrowers to tap its own capital

While net placement of DM Eurobonds in the first half of this year was double the year-earlier level at 16.1 billion DM (\$9.05 billion), domestic bond issuing acenopoly on foreign exchange he tivity went down sharply, accordlog to statistics from Bayerische Landesbank Girozentrale. The bank projected net placement of domestic bonds at around 40 billion DM for all of this year, com-pared with 93 billion DM in 1987. This would be under the level of

German yields are low in international comparisons. This disincentive was compounded this year by the fact that the dollar appreciated against the mark from 1.58 DM on the last trading day of 1987 to 1.92 DM on Aug. 10, obliterating any notion of currency gains through investment in DM

securities.
Thus, while Germans remained avid buyers of foreign securities, foreigners this year became net sellers of German paper. This led in the first seven months of 1988 to a whopping capital export of 60 billion DM.

"The capital outflow was great-

plus," the Bundesbank governor, Claus Köhler, told bankers and journalists at a Frankfurt gather-

The capital outflow slowed to 5.9 billion DM, the lowest since January 1988, in August after Bundesbank began to tighten monetary policy and nudged short-term rates higher. The central bank intervened on the foreign exchange market to halt the rise of the dollar, raised its Lombard rate half a point to 5 percent, increased the discount rate in two half-point steps to 3.5 percent and moved its money market intervention rate up a point stepwise to

Lately, it has shifted to a U.S.style auction system to set the interest rates for its securities repurchase agreements, its main money market steering instrument. The German call money rate bas elimbed to around 4.7 percent from 3.2 percent last March, and the beliwether M-3 money supply, which had been overshooting its 3 percent to 6 percent target growth

detailed explanation of this possi-ble change from the Finance Ministry. The crucial point, said Ger-hard Müller-Wilderink, a Eurobond specialist with Berliner Handels-und Frankfurter Bank (BHF Bank), is whether this would amount to a type of coupon tax that would permit "coupon wash-

Theoretically, an investor could circumvent a coupon tax by selling his paper abroad just before the coupon date and buying it back afterward. But the government insists that the change was suggested not to ameliorate the tax but to allow more time to deal with the administrative hurden of collecting a levy on accrued interest and that it would react to any movement to avoid taxation.

Whatever happens, mark-denominated paper is starting to look attractive again for its currency advantage because the dollar, which appreciated around 15 percent on the mark to the first eight months, has started to sink again. Since late August, the average yield of mark-denominated bonds

The government seems to be groping toward a new version of the coupon tax.

band, began slowing to an acceptable velocity in July as excess li-quidity drained from the market.

Issuing activity in domestic bonds remained very weak with the market abandoned by all but public sector borrowers. The Bundesbank said foreign investors unloaded 7 billion DM worth of domestic paper between May and July, compared with net purchases of 9.1 billion DM in the comparable period of 1987.

Given the interest rate ndvantage, which amounted to 2.33 percentage points for U.S. dollar public bonds with 10-year maturity, and the adverse currency trend, domestic investors toward midyear showed a strong preference for high-yielding foreign currency bonds as well as the DM Eurobonds that are unaffected by the withholding tax.

Last month, the government fi-nally acknowledged that it has been rethinking the withholding tax, at least as it applies to domes-tic bonds. The financial experts of the governing coalition parties said in a statement that the government was considering a change by which the 10 percent tax would be withheld next year on an experimental basis only on the annual coupon payout and not on steadily accrued interest.

This bombshell instantly rallied the prices of domestic bonds on Friday, Oct. 28, and shaved a point and a half at the peak from the prices of DM Eurobonds. Yields, which ranged from an average 6.26 percent for domestic for DM Eurobonds with 10-year maturities, began to converge.
The market was still awaiting a

has also declined around 50 basis points as the market perked up.

"This begs the question of where is the end of the broomstiek. I don't think there is much more leeway to be expected here," said Mr. Müller-Wilderink, who predicted stable yields for the rest of the year. "I think from the exchange rate side, the dollar could weaken further." In the Eurobond book-running

scene, Deutsche Bank AG remained in third place this year behind Nomura Securities and Credit Suisse-First Boston, However, it iccreased its volume in lead managements in all currencies to \$6.9 billion, or 7.04 percent of the market, in the first half, against \$7.8 billion, or 5.79 percent of the market, for all of last year, according to a Euromoney survey.

The survey showed Commerzbank AG in 14th place, Dresdner Bank AG as 20th and West-deutsche Landeshank-Girozentrale (WestLB) 28th. Deutsche Bank finished second

in a ranking of leads and co-leads, and Dresdner was sixth among comanagers alone.

In fixed-rate issues, the German first balf of 1988 with a market share of 9.81 percent, Commerz bank was 11th and Dresdner 15th. In lead management of bonds with warrants, Deutsche Genossenschaftsbank (DG Bank) was the top German contender internationally, behind six Japanese

Among lead managers of strict ly DM Eurobonds, the "big three" German banks — WestLB, Bayerische Vereinsbank and BHF Bank

El Grande Bang Arrives in Spain

By William Chislett

ADRID — Like a new-born child. Spain's capital markets are being brought kicking and screaming into a new era of lib-

The antiquated stock market is being modernized; the new automated book entry system for trade in government deht is easing settlements and activating the secondary market and moves are under way to extend the foreign

El Grande Bang, as Spaniards call it, has finally arrived and the financial services industry is having to prepare quickly for the removal of barriers within the European Community

A sign of the times is that most of Spain's agentes de cambio y bolsa, public notaries who collect a fixed commission on dealings in shares and stand to lose the most, are angered by the government's long-overdue reform of

Enrique de Benito, the former chairman of the Madrid stock exchange, in October accused the Socialist government of "megalomania" over importing models for Spain's Bourse from more developed stock exchanges, such as London's and New York's.

A more just charge, in the eyes of financial analysts, was his labeling of the recently established stock exchange regulatory commission as interventionist. The commission, headed by a former industry minister. Luis Carlos Croissier, is made up almost entirely of government

It will oversee the replacement of the agentes hy brokerage houses in which banks and other institutions will be able to own shares and supervise the introduction of computerized trading on a continuous basis. Spain's cumbersome settlements system, the main headache for foreign investors, will also be computer-

A key issue to be decided is the minimum capital requirement for brokers and broker-dealers. According to unconfirmed reports, it

in two years to I hillion pesetas for brokers and billion pesetas increasing to 1.5 billion peseus for broker-dealers.

"This is a high entry price," said Aldo Olcese, chief executive of Iberagentes, one of the few independent financial services companies. The government wants to limit the number."

Mr. Olcese fears that the high price will mean that the Spanish banks, already a powerful force in the economy, will end up controlling the new companies.

THE Madrid stock market continues to be one of the top performers among European bourses. After shedding 38 percent of its value in the month following Black Monday, the Madrid general index has elimbed from its post-crash low of 200 to almost 300. Trading volumes have also picked up, rising to a daily average of 10.8 billion pesetas in October from 7.2 billion pesetas in September.

Spain's fixed-rate markets are also becoming increasingly attractive for foreign investors. After the pound sterling and the French franc. the Spanish peseta provides the highest real rate of interest in Europe. Treasury bills, which were first issued in June 1987, have quickly become the main short-term instrument for financing the government's deficit.

Treasury bills are priced at a discount in line

with market rates and are available in larger sizes than the Treasury notes which came on the scene in 1983 and are now the official instrument for laundering black money, of which there is a plentiful supply in tax-shy Spain. The Treasury notes and bills are free of withholding tax, but the yield for the former is 5.50 percent compared with 11.5 percent for

However, Spanish banks paying interest abroad have to retain 20 percent of any gains to cover domestie tax liabilities. This only became known in July when the first Treasury bills matured, to the fury of foreign investors who elaimed they had been misled by the banks or the ministry. There are exemptions to the tax retention but they lack coherence.

rently drafting plans for nonresident companies and states to issue peseta bonds for the first time, but officials are embroiled in a row over whether borrowers will be allowed to pay coupons gross. Finance officials want the extra revenue and economy officials are more liber-

The foreign bond market started to August 1987 when supranational organizations were allowed to make issues and with no withholding tax. Since then, there have been nine matador bond issues totaling 103 billion pesetas for

between five and 10 years. A compromise solution of levying the tax only on issues made by nonresident companies with no interests in Spain - which probably

means without a subsidiary - is being touted. "The ministry has no vision," complained a senior Spanish banker who helieves that if the government wants to create a truly liquid offshore market, then it has to forego the with-

holding tax, as in other countries. The ministry is talking of putting all pur-chases of financial assets by nonresidents on the same footing by making them exempt from withholding tax. If this is the case, then it makes little sense to levy the tax on bonds issued by nonresident companies and then re-

move it, bankers say. The main beneficiaries of extending the foreign bond market would be the headquarters of foreign companies in Spain. They would be able to raise funds for investment more cheaply than their subsidiaries because their names are hetter rated. Companies with no Spanish interests may also be attracted by the prospect

of lowering their funding costs through swaps.
As regards states, the Finance Ministry does not want to put them in the same tax-free category as supranationals because this would give them an edge over Spain which does not pay coupons gross on its own honds to nonresidents. If it does, Belgium, for example, would be able to fund itself more cheaply in the

WILLIAM CHISLETT is a Madrid-based

Spanish market than the Spanish state.

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Eurobonds Head for Record

Continued from page 9 market to churn out fixed-rate

dollar and yen deals for a total market share to 25 percent. Meanwhile, traditional U.S. leaders such as J.P. Morgan and Merrill Lynch have slipped to seventh and eighth place, respectively. And, in reality, Mr. Wilson said, "There's probably more capacity than is healthy in the mar-

Japanese corporations have re-mained the hungriest borrowers in the Euromarkets, followed by U.K. companies. The volume of sovereign Eurobond issues, how-ever, declined in comparison with the private sector over the last two years as many European governments have reduced their foreign

borrowing requirements, partly through privatization programs. The Austrian and Swedish gov-emments and the French and Spanish ntilities are among the busiest borrowers, although Credit Suisse-First Boston brought a record \$1 billion, five-year issue to market for the Republic of Italy.

Fears of rising interest rates have limited investor interest to shorter dated paper, with three- to five-year deals generally the most successful. Borrowers have also been evenly tapping into debt among all the major currencies and, with a larger interest in a minor currency, the Canadian dol-

The yen market, overall, has been less bealthy this year, although prestigious yen borrowers include the Republic of Ireland, Electricité de France and the Kingdom of Sweden. U.S. companies have been active borrowers this year, particularly in the Eurodollar market, with IBM, Coca-Cola, Campbell Soups and Goodyear Tire & Rubber among the corporations issuing new debt

While most issues remained of the plain vanilla type, currency warrants also made a comeback this year. Offered in conjunction with other securities as a sweether, CUTTENCY WATTENIES give investors &

Top Ten Issuers by Market Share (All Eurobonds: Bookrunners only January 1-September 30, 1988)

Managing Banker Group	No. of Issues	(in U.S. billion)	(in percent)
Nountra	116	\$14.65	10.67%
CSFB	68	1.70	8.52
Deutscha Bank	65	9.85	7.17
Osiwa	74	9.00	6.55
Nikko	51	6.13	4.47
Yamaichi	51	5.81	4.23
J.P.Morgan	29	5.09	3.71
Merrill Lynch	28	5.02	3.65
UBF Securities	40	4.73	3.44
Peribas	32	4.23	3.08
		P	ource: IFR Data Base

hedge against currency volatility or provide a straightforward arbi-

trage opportunity for the issuer.

The floating rate note market also saw a revival of sorts with a batch of new issues led by the U.K. building societies. The Euroequity market, bowev-

er, has yet to rebound after last year's crash, with a slow recovery hy issuers and investors. Volume is low for the first nine months of this year at \$4.9 billion, compared to \$21 billion for all 1987. While last year's boom was

driven by a number of large gov-ernment privatizations, including British Petroleum and Société Générale, there have been few such deals in 1988. This year, Goldman Sachs

brought two privatization deals to market: a two-tranche offering worth \$204 million for Norsk Hydro of Norway and the two-tranche, \$247 million issue for Empresa Nacional de Electricidad

Shearson Lebman Hutton brought a \$291 million issue for Safra Republic Holdings, a spin-off of Republic Bank of New York bank, while Drexel Burnham ran a \$265 million issue for Occidental Petroleum to market.

Following the crash, institution-

al investors around the world went on the defensive and moved into short-term paper, triggering a buge demand for new issues in the Euro medium-term note market,

as well as Eurocommercial paper.

So far this year, 26 new medium-term note programs have been set up in the Enromarkets, led by a \$3 billion facility for Ford Motor Credit. Medium-term notes, however, can be disadvantageous for borrowers, who can never be sure how much money they will be able to raise and when.

So far this year, 151 new Eurocommercial paper programs have been set up, including a \$700 million program for the finance operation of Mitsubishi Corp. Uniliver announced a sterling ECP program of unlimited size, while Chrysler Financial became the first U.S. corporation to set up a Euroyen CP program, for \$150

"Our goal is to broaden our investor base," said Marilyn Cooper, the vice president in charge of the program from the auto arm's Detroit headquarters.

LINDA KESLAR is a financial journalist based in New York.

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Confidence, Optimism Mark Trading in Italy

Issues doubled in the past year.

By Dalbert Hallenstein

ILAN - The Italian Eurobond market has rarely been as effer-vescent and confident as it has over the past 12 months, despite the disruptions caused by the Wall Street collapse last year and nervousness about exchange rates this autumn.

Much of the current success of Italian-denominated Eurobond issues derives from international confidence in the Italian economy. despite the massive size of Italy's still-growing internal indebtedness, an amount nearly equal to its annual gross national product.

"This is almost a miraculous period for the Italian Eurobond market," said Ugo Romeo, of the Rome-based Banca Nazionale di La-

It is not for nothing that Shearson Lehman Hutton has been talking of "a new Italian renaissance." Italy's inflation is down to 4.7 percent, in line with the United States and Britain. Profits for Italian companies for 1988 will average a 22 percent growth, oscillating between 15 percent and 25 percent, according to the latest predictions.

"Moreover, because of recent crude oil price drops," Mr. Romeo said, "Italy will save 4 billion to 5 billion lire on this year's national energy costs. The general outlook for our economy is very positive indeed and this is reflected in Italian-denominated issues in the bond mar-

Mario Mauro, head of the Eurobonds department of the Turin-based Istituto San Paolo, one of Italy's major lead banks, is slightly less confident regarding the general performance of the Eurobond market. "But generally speaking," he said, "the market for issuers is going very well, notwithstanding a general in-ternational coldoess toward any type of financial instrument - both bonds and shares.

"Despite this," he continued, "the behavior of international bonds issued by Italian names has been very positive. This is particularly true of issues launched by the Italian government, which decided some months ago to tap the Euromarket for very large amounts. The latest issues of up to \$1 billion had no problems at

Other important Italian-denominated issues included Pirelli, which launched a 100 billion lire (\$76 million) issue in Eurolire last October, and the Istituto San Paolo di Torino, which made an issue for 100 million ECUs. Other successful issues have been launched by Fiat, Italian State Railways and others and for in-

creasingly large amounts.

"But don't forget," said Mr. Mauro, "that the past 12 months started with the Wall Street collapse. At the beginning we had a very diffi-cult time, but after spring there was a very rapid improvement, interrupted by moments of indigestion for the investors' market because of certain overly large issues that were difficult

Of particular note has been the huge success enjoyed over the past 12 months by the Euro-lira bond market. The decision by the Italian monetary authorities to open up this market was only made in 1985. Since then, the number of issues has steadily increased

However, in the past 12 months, the number of issues has not only doubled over the previous year, but also the effective dimensions of the issues have increased dramatically.

Eurolira issues are now running at an average of two a month — initially, the Bank of Italy foresaw no more than one issue a month - and the size of the issues has increased from smaller entities of 50 billion lire to 100 billion lire to an average of 150 billion lire. This means that an average of 300 billion

lire a month is being raised," Mr. Romeo said. Among recent successful Triple A rated Eurolira bond issues were: Euraton (May 25) for 107 billion lire at 10.5 percent for five years; the World Bank (Sept. 1) for 150 billion lire at t1 percent for five years; the European Invest-ment Bank (Oct. 25) for 150 billion lire at 11.25 percent for 7 years, and Pirelli (Oct. 25) for 100 billion lire at 12 percent for four years.

"Equally impressive," Mr. Romeo said, "is the performance of the secondary market, which has become important and is functioning very well."

Dealers agree that prospects look good. Mr. Mauro, of the Istituto San Paolo, said: "Recent nervousness has been due to edginess about exchange rates in the most important currencies. Yet, the so-called weak currencies have reacted in a very strange way. The lira and French franc are performing very well."
"If there is a period of relative calm in terms

of foreign exchange levels over the next six years, the Eurobond market will certainly im-prove a little bit," he added. "If foreign exchange rates are confused, the market will react negatively. Stability depends very much on the external current debt of American trade, on the American balance of payments."

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Leaner, Saner Market Emerges

Continued from page 9

boom in swap-related business is having farreaching effects:

• There has been an explosion in the sale of

straight Eurobonds, classic fixed-coupon is-sues unrelated to the sale of equity. In the first nine months, according to data compiled by the Organization for Economic Cooperation and Development, new-issue volume is up 23 percent. Straight bonds now account for 70 percent of total activity, up from an average 60

• The dollar, despite a fairly solid performance on the foreign exchange market during most of this period, accounts for a shrinking share of new issues — about 30 percent so far this year compared to the historic average of about 50 percent.

• The syndicated loan market, which declined in importance following the outbreak of the Latin American debt crisis in 1982, is undergoing a renaissance with some \$80 billion of new business — not including new money put up in renegotiations on Third World debt

— so far this year.

The emergence of the swap market may be the least important factor in explaining the 38 percent increase in bank credits. Nevertheless, it surely has played a role since nonbank financial institutions, which once were large pur-chasers of FRNs, now buy portions of floating rate loans syndicated by banks. That frees the banks to arrange even more loans.

The main explanation for the boom in bank lending is the wave of takeovers and management buyouts, particularly in the United States but also in Europe as companies prepare for the European Community's unified market af-ter 1992. These operations typically require large amounts of money to be committed on relatively short notice - conditions the public markets could not accommodate.

In addition, while the rapid emergence of the Eurocommercial paper market has drawn many traditional borrowers, especially OECD governments and their agencies, away from the bond market, these borrowers usually do arrange to syndicate a backup line of credit with banks to assure that cash is available to redeem the short-term paper in the event it cannot be

At present, about \$230 billion of short-term borrowing facilities are in place. The amount actually issued is estimated at \$73 billion — an increase of 40 percent from last year — and of this about \$55 billion is commercial paper.

The credit market also appears to be benefit-

ing from the reassessment by all borrowers following the October 1987 disruption to financial markets on the value of "relationship banking -of having a steady, close link with a limited number of institutions that could be counted on to lend money in bad times as well as good times.

Another factor, which itself is likely to have important ramifications on the overall market, is the increasing reluctance of international investors to lend money to corporate America. U.S. borrowers are stepping up their re-course to syndicated bank credits as they re-treat from the international bond market.

So far this year, U.S. companies have arranged \$22 billion in bank credits, amounting to 25 percent of total new credits. This is up from a 17 percent share last year and only 9 percent in 1986.
At the same time, U.S. borrowers, who his-

torically are the largest single users of the Eurobond market, have dramatically reduced their access to the capital market. So far this year, U.S. companies accounted for only 8 percent of the bonds issued on the international market.

U.S. companies have been reducing their ccess to the bond market since 1985, when they accounted for 24 percent of total volume. In part, the Americans have been turned off the market and, in part, they are gradually being shut out. U.S. names started to lose their glamour in 1985 when overnight — following Pennzoil's \$11 billion judgment against Texaco — the credit standing of Texaco was wiped out and the price on its outstanding bonds

By 1986, the share of U.S. firms in new-issue volume on the international capital market declined to 19 percent. Last year it fell to 12 percent as an increasing number of once top-rated U.S. companies — the corporate "blue chips" so dear to the heart of Eurobond inves-tors — fell victim to mergers or buyouts that trashed their credit standing.

holding bonds of U.S. companies became even more pressing this year with the proposed \$35 billion buyout of R.J.R. Nabisco, indicating that only a handful of the very largest compa-ter. nies might conceivably be exempt from such

Other factors were also at play in reducing U.S. corporate access to the Eurobond market. After the losses sustained by securities firms in the October 1987 crash, investment bankers were obliged to put a new emphasis on profitability rather than status or market share. As a result, the goal of high standing in the league table of most active underwriters - to be wor at any price, regardless of how aggressive tex, had to be set to win the underwriting — 1/12 replaced by a more sober assessment of a price borrowers needed to pay to attract the

This has cut the cost advantage that hist w cally attracted many U.S. borrowers to international arena. With costs about ec many companies preferred to remain in %.

New York market, where they could usu to borrow for much longer periods than the mamum 10-year life that is the standard in to

That would certainly be true for a bond iss unrelated to a swap. But on issues that a linked to a swap, the pricing of the public bosis only half the story and the real cost must st be compelling. Otherwise, how else to explit the extraordinary boom in the swap market In any event, the withdrawal of the Ame-cans from the international bond market is

The withdrawal of the best-rated soverei borrowers and their agencies in favor of t very low-cost sub-Libor funding in the col mercial paper market is another fact.

Bankers believe this will result in a galaxy of borrowers tapping the bond mark-They cite countries like Portugal, Greece, L land, India, China, Malaysia and South Korl-which historically have relied on the syndiced loan market for money, as credits that w look even more attractive to bond investors the absence of anything better.

CARL GEWIRTZ, associate editor of the I ternational Herald Tribune, writes a weekly cc

U.K. Markets Are Sluggish As Investors Seek Security

Continued from page 9

and price to earnings ratios look U.S. economic fallout. appealing. In terms of the yield gap with bonds, equities do not appear

Still, he thinks economic condi-tions call for caution, "The market has not come to grips with what a sorry state the U.K. economy is in," Mr. Spencer said, "and how long rates will have to stay high to curb the propensity of U.K. con-

"Base rates will have to stay up for quite some time. I would be surprised if they are much below 12 percent this time next year." In its latest Quarterly Bulletin.

the Bank of England said monetary and fiscal policy will have to stay tight until it becomes clear that inflationary pressures have abated. The British government pushed up rates starting last spring to slow

The base lending rate stands at 12 percent, 2.25 percentage points higher than the average of last year. Some economists have warned that rates will need to go even higher if the government is to win the current round in the battle against inflation. Additional increases could come if the British trade deficit does not show signs of contract-

The consumer spending spree has borne much of the blame for the huge expansion in the current account deficit that has unnerved the foreign exchange markets. Driving interest rates up implies a strong pound, which could help stem the flow of imports but could undermine exports and make the task of reducing the trade delicit more difficult.

The government's latest estimate shows the deficit at £13 billion (\$7.2 billion) this year. That figure, contained in Chancellor of the Exchequer Nigel Lawson's antumn nt, was more than triple the forecast made last March and underscored the deterioration in the current account balance. The deficit is projected at £11 billion for

One consequence of inflation fears could be a strinkage in corporears could be a summage in corporate profit growth as workers demand higher wages to compensate for the expected erosion in the buying power of their pay. Mr. Lawson's forecast sees inflation rising to 7 percent before falling to 5 percent by the end of 1989. It has gone up to about 6 percent this year from 4.5 percent at the end of 1987.

Private forecasters estimate corporate profit growth will moderate next year after expanding by 22.3 percent in 1987 and about 21.5 percent this year. Consumer-oriented companies

and the interest sensitive sectors in meral would be the ones most likely to record a slowdown in profgrowth. If weakness in the U.S. dollar persists, companies that export to the United States should spect a decline in dollar earnings. The dollar started to sink after

the markets focused on the fact that President-elect George Bush faced a daunting challenge to trim the country's budget and trade def-icits while keeping the economic expansion intact. The markets seem to be expecting a stalemate to develop between the Republican White House and the Democraticcontrolled Congre

Frustration with the U.S. inability to solve deficit problems were cited as one of the underlying causes of last year's stock market crash. So, given that the situation has not changed that much, it is little wonder that investors remain

What is irksome for British plained. In the past, diversification stockbrokers is how much the British markets have been affected by

London's International Stock Exchange has been left behind by many other bourses. The market's 10 percent gain so far in 1988 puts it down on the league table below most of its continental European

The Financial Times-Stock Exchange 100 index has hovered close to the 1800 to 1820 range in recent weeks, well off its post-crash peak of 1892.2, recorded on June 23.

As a measure of how much attention is being paid in London to U.S. economic affairs, of the 55.7 points the FT-SE 100 index shed in



Nigel Lawson.

the two-week accounting period early in November, 40 points of the loss occurred in the days after the presidential election.

Trading volumes have been uninspiring. An average 622.8 million shares were traded per day in Octo-ber, down from 877.7 million in the same month a year earlier, according to exchange figures which in-clude the Unlisted Securities Market and the Third Market as well as

Despite the bearish evidence, stockbrokers are willing to offer many reasons why investors should not stay in hibernation. Generally, British stocks are

backed by sound fundamentals, they say, adding that choosy investors can find good value.

"I'm telling my people not to worry too much because the market veil supported and resilient," said Mr. Spencer of Shearson Lehman Hutton.

His chief pick is the capital zoods sector because companies should benefit from the ongoing boom in capital investment. Many British companies in this sector have made dramatic improvements in technology and productivity, he contends, and will be well placed to win contracts. Projected increases in govern-

ment procurement programs in several countries as well as updating equipment with the latest techogy should sustain good growth in capital investment over the next few years, he said.

Other sectors singled out by bro-kers include leasure stocks and elec-

In the view of Phillips & Drew's Mr. Inglis, investors might do well to buy shares of some highly diversified conglomerates. He recommends this as a method of profiting from the merger and acquisition

"Any company that is a conglomeration of disparate groups will have difficulty demonstrating its raison d'être," Mr. Inglis ex-

was regarded as a way to insulate corporation from cyclical slow downs and produce a steadier carn ings stream

The attitude has changed, and now there is a tendency to view. some conglomerates as unmanageable corporate dinosaurs that have lost touch with their core operations. Many of these have been the subject of takeover speculation. Last year's stock price fall has acted as a catalyst for management buyouts, takeovers by outsiders and stake-building by imanciers.

While brokers can present a variety of reasons why investors should not shun stocks, convincing a skeptical public is difficult, particularly when interest-bearing accounts offer better returns than they have for

quite some time as well as security. The 12 percent base rate translates into about a 9 percent rate or time deposits. One analyst said the FT-SE 100 index would have to surpass the 2000 mark in order to equal the performance available from money market instruments.

Many investors sought refuge in such instruments and U.K. government bonds after the crash and have been content to stick with

The gilt-edged sector has had an impressive showing.
Richard Jeffrey, a director of

economics at Security Pacific Hoare Govett, calculates that the gross total return produced by index-linked gilts has topped 20 percent in the 12 months ended Oct. 31. The gross total return reflects capital gain plus income. Index-linked gilts are inflation-proof to an extent because their compons are pegged to the inflation rate

By comparison, the total return from equities, measured by the FT All-Share Index, was 14 percent. Mr. Jeffrey foresees further strong gains from gilts next year as base rates retreat slightly to about 10 percent and money market in-

"I think over the next year, you will see the U.K. gilt market outperforming all other bond markets," be said.

est rates move correspondingly

The most talked-about feature of the gilt market recently has been the downward slope in the yield curve. In other words, rates on short-term gilts are higher than on long-term ones.

This has happened because at the same time the government was raising the base rate, affecting short-term rates, it was repurchasing longer-term bonds as part of a solicy to shorten the average manurity of Treasury debt.

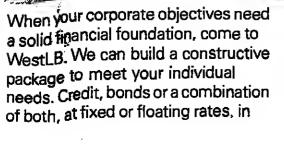
Besides inverting the yield curve, the action has reduced the supply of long-term gilts. The supply will shrink further as the government continues to repay debt by having the Bank of England buy back gilts. Peter Fellner, an economist at James Capel, said that outstanding gilt debt will be cut by about £25 billion, or 20 percent, by April

What this means for would be gilt investors is that the traditional comparisons made to determine the advantage of buying gilts rather than equities may have to be rede-

Ruth Hennefeld, head of European research at Merrill Lynch in London, said that investors are still

in a cautious mood. According to Ms. Hennefeld, brokers are "all wrestling with the same problem: How do you get people back to the market?"

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EUROBONDS

Just What Dollar Needed, **But Uncertainty Remains**

By CARL GEWIRTZ

International Herald Tribune

ARIS — The action by central banks last week was exactly what the market was looking for: Sustained, coordinated, coaving intervention to stabilize the dollar and allay suspicions that post-election Washington was indifferent to the currency's fall.

As to what happens next, this is what the experts think: Chartists, technical analysts who are guided by the putterns traced by daily foreign-exchange values, see further dollar weakness from Friday's New York closing level of 1.7375 Deutsche

marks and 122.60 yen.

A London-based chartist, Simon Crane says, "The dollar remains extremely weak so long as it remains below 1,7575 DM

Steven Blitz, a chartist for Salomon Brothers in New York, sees a choppy period over the coming weeks, during which the dollar could further tumble or begin to set the stage for a recovery. "From a technical perspective, it's unclear whether the decline stops

The currency could decline further before it rebounds.

bere or ratchets down one more time," he said. Although Mr. Blitz cautions that it is not yet a strong likelibood, he sees the possibility of a powerful rebound that would be

triggered if the dollar closes above 1.75 DM or 124 yen.
Fundamental analysts, who study underlying trends, by and large see U.S. interest rates beading higher. Without such support, they ware, the dollar is likely to remain under downward

Brendan Brown, economist at County NatWest in London, says that higher interest rates are needed to slow U.S. domestic demand, reduce imports, and thereby improve the trade deficit. Neal M. Soss, the First Boston economist who last week toured European financial centers, said the dollar needed to fall further—but next year rather than aow, lest it fuel U.S. inflation.

Higher interest rates now would stabilize the dollar, slow domestic demand and liberate production for exports, at which time a further dollar decline would be useful to speed the improvement in the trade deficit.

NVESTMENT bankers report that institutional investors are sitting tight. They have not been dumping dollar holdings as the overall trend has been for a rather lighter than normal holding in the currency.

If anything, the bankers say, institutions have taken the opportunity of weaker prices in dollar bonds to buy paper at higher yields. As evidence, bankers cite the narrowing gap between the yield on high-grade sovereign or state-guaranteed Eurobonds and comparably dated U.S. government paper.

Italy's 9½s of 1995, offered in October to yield 46 basis points

more than Treasuries, ended the week at 33 basis points over the benchmark rate. Alberta's 9%s of 1995, offered at 44 over the benchmark, ended the week at 32. The World Bank's 9%s of 1998, offered at 35 over, are now at 26 over the benchmark.

While the new-issue calendar remains exceedingly light, four issuers braved the unfavorable environment to tap the dollar sector of the Eurobond market.

... The issue for Turkey was the first ever in this sector. It previously used only the Deutsche mark sector. The \$150 million issue is for 10 years, but that is not quite as long as it looks, since investors have the option to request redemption at the end of the third year and again at the end of the sixth year.

The coupon was an eye-popping 11½ percent that, with 2 percent fees paid to underwriters, yielded some 225 basis points over Treasury yields. Banks were able to swap the paper into a floating-rate asset at some 160 basis points over the London interbank offered rate.

ers, pointed to the continuing appetite from Japanese investors. Two of the issues — \$80 million of five-year bonds for the Industrial Bank of Japan, offered at 101% with a coupon of 9% percent, and Shimizu Europe's \$50 million of five-year paper carrying a coupon of 9% percent — were small enough to be

private placements.
The third, Union Bank of Finland's \$150 million of four-year notes, was managed by Nomura International.

The star issue of the week was Nestle Holdings' offer of 250

million European currency units. The three-year notes, carrying a coupon of 7% percent, were offered at a price of 101%, a quarterpoint better for Nestle than the European Community's issue a weck earlier. All fees included, Nestlé paid 10 basis points less for its money than did the EC.

The size of the issue was the largest yet offered by a corporate borrower and, as the terms reflect, Nestle is a name guaranteed to excite investors. The ECU also was a good choice, as bankers are

See EUROBONDS, Page 15

Currency Rates

Cross Bates

	8	Æ	D.M.	F.F.	11.1.	Gldr.	B.F.	S.F.	Yen
Amisterdam	1.961	3.5575	1,1276	0,3299	0.2576 =	_	531 -	1,2427	1.5% *
Artiseis (a).		44,1025	20.958	4.1305	2.8177 -	18.507	_	2495	0.2764
Li Frenkfort	1,7414	1155		0.2924	0.1344	0.8647	um.	1.1906	1.415
Miles	1.814		3.1523	10,7758	2342.50	3.5545	44.52	2.647	221,735
Miles	1,295,18	2,346.50	743.84	217,45	_	457.77	35,497	T25.48	10.53
New York(c)		1.8155 b	1.7375	5.939	1,291.50	1,5445	34.41	1.44	122.60
Ports	5944	10.783	3,4184	_	D.456 *	3.0319	0.1637	4,07	48014
Takys	122.25	223.29	70.83	20.74	2.954	277	3,4004	MA	_
Zurich	1.4625	2,6476	0.8402	0.2459	0.113 *	8.7451	4.00F7 *	_	1.1072
TECU	1,1925	0.4549	2.072	7,0823	1.541.32	2,3359	43,4284	1,7405	144.405
15DR	1.3592	0.7502	2349	8.0617	N.A.	2.4454	41,5487	1.5671	166.160
Closings in I	ondon."	Tokyo and : b: 7a bu	Zurich. v one po	fixings i	n other ca To buy on	nters. Ni le dollar	w York o	tosing ri of 100; i	ntes. V.Q.: not

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ARE, Pete 2820,00
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S. Afr. rame 2.404
Soviet ruble" 0.6014
Soon. paseto 114.40
Swed. kronn: 4.045
Tohwas 5 28.04
The best 25.285
Turkish Hrv: 1703.09
UAE dirhorn* 1.6727
Venez. boliv. 37.25 Carrency Per 5
Fin. markton
Greek droc.
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Hong Hong 17
Kowalli dinor*
Capa 2
Matey, rino.*

2,805

90-day 1,8026 121,22 1,7204 68-day 1,8071 121,68 1,7262

Last Week's Markets

All figures are as of clase of trading Friday

	Stock Time United States DJ Indus, DJ UHI, DJ Trans, S & P 100 S & P 300 S & P Ind NYSE Co		2067.03 — (182.55 — (909.38 —) 254.27 — (1.39 % Prime rate 0.58 % Japan 0.55 % Oiscount 1.54 % Call money 0.70 % 3-month interbank	Nov. 18 6½ 8¼ 10.00 2½ 3% 4 5/16	Nov. 11 692 9 5/16 10.00 292 3 9/16 436	There was a consensus among the U.S. officials, according to one of those present, that Japanese representatives at the meeting had not made a strong enough case that conditions had improved enough to warrant ending the sanctions. U.S. officials attending came from the Office of the U.S. Trade
•	West Germany Commerzbk Hong Kong	1,592.30	1,802.70 + 1 1,461.20 + 1 28,489.57 + 2 1,546.20 + 1	1.90 % Coll money 2.42 % Britals Bonk base rate Call money 3-month interbank Britals Amonth interbank	5.00 4.45 4.90 12.00 11.74 12.44	5.00 492 4.80 12.00 1134 1296	Representative and the Commerce, State, Treasury and Justice Departments. A U.S. official, who asked not to be identified, said after the meeting, "Our position has not changed. From our side there was no expec-
	Hong Sens	2,581,16	2,583,74 0	Q10 % Gold No	v. 18 Nov. 11	Cµ,õ6	tation doing into the mosting it

47630 + 0.63 %

Beef Ban Threatens Relations

Trade War Looms Between U.S., EC

Compiled in thir Staff From Disput hes

BRUSSELS - The United States and the European Community are on the brink of a trade war over the community's plan to ban imports of beef from cattle raised with growth hormones.

Officials led by the Clayton K. Yeutter, the U.S. trade representative, and Secretary of Agriculture Richard E. Lyng, met with EC offi-cials in Brussels on Friday and Saturday about the bormone ban and other trade problems. Both sides said there was no progress on the issue, and they held out little pros-pect of a solution before the ban is due to take effect Jan. 1.

"The EC legislation can't and won't be modified," said the EC commissioner for external relations and trade, Willy De Clercq.

"We will suffer damage by this ban and we will have to retaliate," Mr. Yeutter said.

Members of the community will consider further action Tuesday that could produce a retaliatory spiral threatening the whole package of trans-Atlantic commo

Washington bas said it will respond to the latest EC proposals by Tuesday, Mr. De Clercq said. The Americans have prepared a

list of retaliatory measures against European exports of not only meat but also other products such as instant coffee, fruit juice and tomatoes. The community list of products for counter-retaliation ineludes such items as walnuts, dried fruit, maize products, fruit juices and bormones.

Since the use of approved growth hormones is standard practice in the United States, the law would end EC imports of U.S. beef, valued at about \$145 million a year.

la global terms, the amount of trade affected by the hormone ban is small, but it is important in the increasingly uneasy relationship between the United States and Europe as the community approaches market integration in 1992.
(NYT, UPI)



Viv Thomas, Ogwr Borough mayor, at the site of the plant: 'A resounding vote of confidence.'

Ford and a Welsh Revolution Billion-Dollar Factory Raises Town's High-Tech Hopes

By Warren Getler International Herald Terbune

BRIDGEND, Wales - This is a town where community swimming pools, movie theaters and fast-food takeouts come hard, but billion-dollar

foreign investment lands easy.

Last month, Ford Motor Co. announced plans
to invest \$1.3 billioo in an ultra-modern engine plant here; it will be one of the largest in the world. Nestled between the south Wales urban centers of Swansea to the west and Cardiff to the east, semi-rural Bridgend seems an unlikely candidate for huge capital flows from abroad. Over the years, it developed a small industrial heart of its own, but is fortunes have been buffeted by the declining coal and steel industries in the neighboring valleys.

"There's no ciaema, there's no bowling alley and it's taken the local government 15 years to build a swimmiog pool," mused Neil Trehame, 26, a selfemployed engineer who has spent most of his life in Bridgend. "But Ford is about to invest billions."

"We don't even have a McDonald's," be said. Male unemployment in Bridgend, with a population of 56,000, stood at 15.1 percent in September, compared with Britain's national average of 9.6 percent and a Welsh average of 12.4 percent. But things are looking brighter. Foreign invest-ment is pouring in and has helped to establish a high-tech base here and in other parts of South

Some 30 miles down the road to the west, British Steel's giant plant at Port Talbot is hitting productivity records after undergoing a massive stream-lining of its payroll and modernization of plant

The turnaround at the plant has helped British Steel emerge from registering one of Britain's big-gesi losses at the outset of the decade into a company that stands to post pretax profit of around £550 million (\$998 million) this year, according to analysts.

Some observers say that pockets of South Wales, from Swansea to Cardiff, are experiencing a boom that will transform the region into one of the hottest European investment sites in the coming decade of freer trade within the European Com-

They cite as major attractions an adaptable, hard-working reserve of labor, an extensive trans-portation network and generous financial support rom local and national government.

Yet the transformation, if it does materialize, is likely to come in fits and starts in the Wales of traditional, close-knit communities,

Wales has a population of 2.5 million, a fraction of Britain's overall 57 million. About 20 percent of the Welsb population, primarily people living in the west and aorth, can speak the ancient, native

"I think Bridgend and towns like it are going to take off." Mr. Treharne said over a beer in the King's Head pub in the town center. "But local business has to invest in building tennis courts and health clubs" if the region is to attract widespread overseas investment and allure executives accustomed to social amenities.

Happily, be and other locals note, Bridgend and the rest of south Wales have been spared the

See WALES, Page 17

OPEC Sessions Fail to Break Quota Deadlock

VIENNA - Four days of intense negouations over output quotas in the Organization of Petroleum Exporting Countries have failed to break a deadlock between Iran and Iraq, and traders predicted a further drop in world oil prices

if the stalemate continues. A formal conference of all 13 OPEC members was to open Monday. On Sunday President Rilwanu Lukman of Nigeria held out some hope for that gathering, saying a proposal was ready for consider-ation. "There is a proposal on the

table," he said. Analysts were skeptical.

"Progress has been extremely disappointing." said Nauman Barakat, an analyst at Prudential-Bache Securities in New York. "If anything, positions have hardened to such an extent that it will be extremely difficult to get anything out of Monday's meeting. It might take three or four months."

"If we get to Tuesday or Wednesday and the full meeting hreaks down, prices will fall fur-ther," said Mehdi Varzi, an analyst with Kleinwort Benson Securities in London.

Traders have already pushed oil prices lower on disappointment over the failure of mediators, Indonesia. Nigeria and Venezuela to achieve a breakthrough in the behind-the-scenes talks.

The production dispute, a legacy of the Gulf War, centers on Iraq's demand for an output quota that is as big as Iran's quota in an new set of production guidelines. Iran, which has historically been a bigget producer, calls that illogical.

On Sunday, Oil Minister Isam Abd ar-Rahim ash-Shalabi of Iraq repeated Baghdad's demand for parity with Iran.

"Privately, Arab producers are sympathetic to the Iranian cause," Mr. Varzi said. "But they are not in a position to support it in public." Failure to mend the Iran-Iraq

rift will almost certainly block a comprehensive deal among the 13 OPEC nations to cut output, aow about 23 million barrels per day. Informed sources said a pro-

posed deal could involve Iraq cut-ting output from the current 2.7

To find out about these treedoms contact

tillion barrels per day, heading of its stated plan to raise it to 4 million

Another possible element could be that OPEC would set an overall 1989 production level of around 18.5 million barrels, well below some members' demands for 20 million harrels and in line with Tehran's calls for low output to

raise prices, the sources said. Dubai crude oil, one of the key Middle East blends, is already trading below \$10 a barrel, which is \$7.50 short of a cartel target price

set in December 1986. Saudi Arabia and Kuwait, with large oil reserves and strong foreign investments to generate income, would be able to withstand a price crash. But delegates said nations like Algeria and Nigeria could find themselves in economic crisis.

Reagan Signs Stiff Penalties For Insiders

WASHINGTON — President Ronald Reagan has signed a bill that sharply increases criminal and civil penalues for violations of U.S. in-

sider trading laws.
The bill, which Mr. Reagan signed Saturday, raises the maximum jail term for insider trading from five to 10 years and raises fines from \$100,000 to \$1 million for individuals. The fines for companies and partnerships were raised from \$500,000 to \$2.5 million.

The Securities and Ex-change Commission can also seek civil penalties of three times the profit gained or loss avoided for traders who violate the law by buying or selling securities using informa-

tion before it is made public.
The bill allows the SEC to offer rewards for information about insider trading and to increase cooperation with foreign governments on insider trading cases.

Canadian Bond Holders Brace for Trying Times

LONDON - European investors in Canadian boads, their nerves already frayed in the run-up to Monday's general election, can brace themselves for more trying times, analysts say.

Whatever the election outcome in Canada, the recent fall in the U.S. dollar is ominous for a market that traditionally has shadowed its

"European investors have been net buyers of Canadian dollars on the back of the strong dollar earlier this year," said Jim O'Neill, economist at Swiss Bank Corp. Investment Banking. "Now that the dollar is shaky, they are very nervous." Canadian dollar bonds have slumped since polls earlier this month showed that the Progressive Conservative majority is under threat and with it, the Free Trade

Agreement with the United States.
"The financial community perceived the FTA as good for Canada, and therefore good for Canadian bonds," said Jane Edwards, an

economist at Credit Suisse First

The Canadian dollar has also dropped, to around \$1 U.S. cents rom 84 cents, while yields on benchmark 10-year Canadian

Treasury securities jumped by more than a quarter point to around 10.10 percent recently. Meanwhile, yields over comparable U.S. bonds widened by about 10 basis points to 108 percent.

The impact was less dramatic in Canadian dollar Eurobonds because of a relative shortage. The yield on the benchmark 10% percent European Investment Bank is sue, due 1998, has risen to 10.45 percent from 10.27 last mooth.
"Canadian Eurobonds are terri-

bly expensive at the moment," commented Laura Doig. also at Credit Suisse First Boston. "They are just 5 basis points over the government curve in the five-year

New issues of Euro and foreign bonds, buoyant earlier this year on the back of the strong dollar, dwindled to \$245 million in the first two weeks of November, against October's \$1.5 billion, according to Salomon Brothers figures. In the year to Nov. 11, new issues

of Canadian Euro and foreign bonds totaled \$12 billion, double the amount issued for the whole of

"A Conservative victory is a pre-See CANADA, Page 15 U.S. Rebuffs Japanese Plea

For End to Electronics Curbs

By Clyde H. Farnsworth there is no expectation and that they will."

WASHINGTON - The Reagan administration has rebuffed pleas said he had nothing to say now. A by the Japanese to remove trade representative of the Semiconducsanctions against their electronics tor Industry Association, repreproducts before the inauguration senting major U.S. manufacturers, of the president-elect. George said he was "encouraged."

Trade officials concluded Friday violation of a computer chips pact. ers in Japan's market. There was a consensus among

conditions had improved enough to al Trade and ladustry. warrant ending the sanctions.

A U.S. official, who asked not to affairs. be identified, said after the meet-

A Japanese Embassy spokesman Still, the action was a setback for

Tokyo, which is in the midst of a a two-day meeting here to assess major diplomatic and public rela-Japanese arguments for lifting the tions campaign to convince the ad-punitive tariffs on \$165 million of ministration that the sanctions are electronic imports, which were im- no longer justified because of gains posed 18 months ago for reported made by U.S. semiconductor mak-The discriminatory tariff mea-

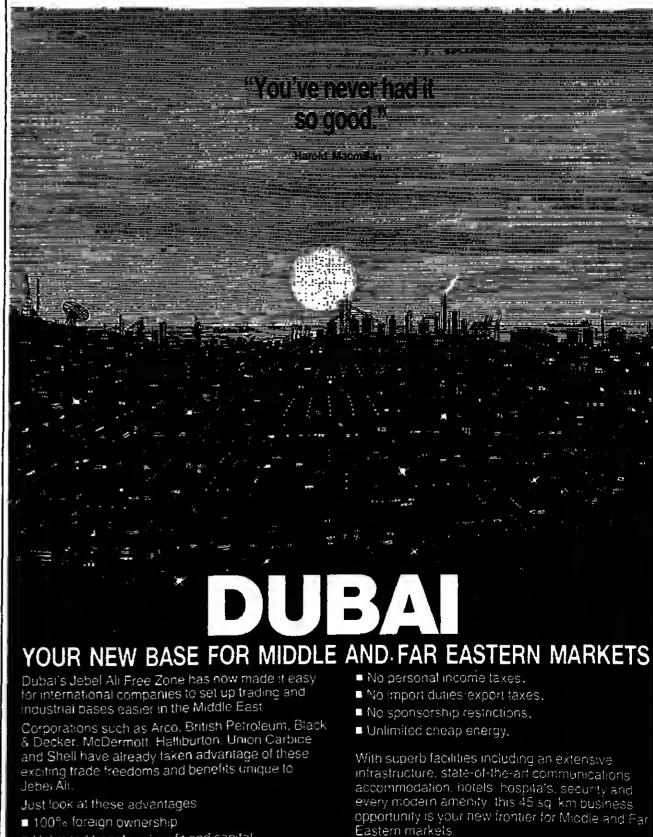
the U.S. officials, according to one sures "cannot be justifiable in any of those present, that Japanese rep-resentatives at the meeting had not uty minister for international afmade a strong enough case that fairs at the Ministry of Internation-

Unlimited transfer of profit and capital

■ No corporate taxes for a minimum of 15 years.

"While they remain in place they U.S. officials attending came threaten to destroy our joint efforts from the Office of the U.S. Trade and seriously endanger invest-Representative and the Commerce, ments," be added in a letter dated State, Treasury and Justice Depart- Nov. 11 to Allen Wallis, U.S. undersecretary of state for economic

But U.S. government officials, with the strong backing of the do-mestic semiconductor industry, say tation going into the meeting that the advances are the sanctions would be lifted, and tify any changes. the advances are too meager to jus-



Jebel Ali Free Zone Authority

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Signature.

NASDAQ National Market

Long-time Trib fashion editor, Hebe Dorsey went into the archives of the old Paris Herald (original name of today's Trib) Our big success story is our pocket diary:
thin, flat and elegant.

Our big success story is our pocket diary:

1989
1989
1989 and collected the great news stories of the turn of the century along with glorious, gossipy tid-bits, records of fabulous galas, stunning fashions, gentlemen's duels and "crazy inventions."

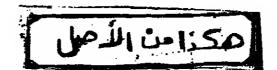
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a for Mr. Neizvestny's mother come to the United States.

Mr. Yevtnshenko feels he has combine credentials in the Ar. Yevtushenko feels he has secesable credentials in the against Stalinism, Russan and other ills of Soviety.

Before there was a distident there was Yevtushen ivernent, there was Yevluches be said, noting a poem he poet in 1952 against Stalinism

His poem "Babi Yar" which otested anti-Semitism, helper abhish him in the West. And in 3 recent era, Mr. Yevillsheito gether with his old companion on the 1960s, Andrei Vomeser y, has led campaigns within the riters Union to rehabilitate 80. Pasternak and to ward of ; actionary backlash to glasnog in New York, Mr. Yevinsher is also raising money and suport for an unofficial group head by Andrei D. Sakharor dicated to building a moun.

ontinued, because he had always believed he would be home always He did not mention the real te-

on for staying away. "I don't go home because least ford it," he said later. "My la Tip home was for my grandmon 's funeral and it cost me me pan three months' pay. I had to be pans from three colleagues at the

arversity. Mr. Oduro did not tell his unde hat he only came bone this le peause be had heard that he ter needed money for a blood kg at his mother was complaining a ulcer, that his aunt's tech to lying her pain — and that he had need to have \$160 from a recom ant. For the first time since the meral, he could alford to me me without embarrassment Since it was Mr. Oduro's for The home, oo relative even home nt be or she needed money. "It would be indecent by Auro said later. "Tacticalle, second day bome, event nis to know when you are is Because then they can free en best to ask for something The trip was going smooth en, late Saturday afternoons dows lengthened and the he an draining out of the day b

a Stella went for a stroll. Tong o the main street of the ville walked into a problem. was supposed to be hat ra minding the children be awed them home. She bec tating obscenities at Siellaz * ed menacingly toward a

Kibstruck young woman. torrow: The confrontation

ne operator

ur i Y iste and

15.00

New International Bond Issues Compiled by Laurence Desvilettes Mat. Coup. Price (millions)

FIXED-COUPON						
Shimizu Europe	\$ 50	1993	9%	101%	99.93	Noncallable, Fees 196%, (Yamakhi Int'i Europe.)
Turkey	\$150	1998	11%	100	99.80	
Union Bank of Finland	\$150	1992	91/2	1011/4	100,25	Noncollable, Fees 1976. (Nomura Int'L)
Copenhagen Hondelsbank	DM 150	1998	61/4	101		Noncolloble, Fees 21/%, (Wastdeutsche Landesbonk.)
Deutsche Girozentrole Int'i	DM 125	1993	51/2	100%	99.50	Noncollable. Fees not disclosed. (Deutsche Gircusritrole /Deutsche Kommunolibonk.)
Swiss Bank Corp. Finance	DM 70	1993	. 514	101	-	Noncellable private placement, Fees not disclosed. (Swiss Bank Corp. Deutschland.)
European Coal & Steel Community	m. 120,000	1993	10%	101%	100.05	Noncolleble. Fees 196%. (Inteste Sencorio Son Poole d Torino.)
ASLK-CGER Ifico	DK 300	1993	914	100%	99.23	Noncollable, Fees 1%%, (Sparekassen.)
BACOB Finance	DK 260	1993	9	100%	98.63	Noncollable, Fees 196%. (Privatbanken.)
Ferrovia dello Stato	ECU 100	1993	7%	101%	99.88	Noncollable, Fees 1%%, (Banco di Roma.)
Halifax Building Society	ECU 125	1993	8	102		Noncollable, Fees 1 1/1%. (Banque Paribox Capital Markets.)
Nestle Holdings	ECU 250	1991	7%	101%	100.33	Noncolloble, Fees 1%%, [Sorbers Trust InfT.]
Nordic Investment Bank	FM 400	1994	9%	1001/2		Noncollable, Feet 11/%, (Pasipantia)
Bergen Bank	Aus 100	1994	714	101%		Noncollable, Redemption amount at maturity will be linked to

EUROBONDS: Outlook for Dollar is Still Unclear

1993 514

apparent

1990 "14% 101% 100.40 Noncollable, Fees 116% (County NortWest.

(Continued from first finance page) agreed that Swiss investors currently are the biggest buyers of ECU

Finance for Danish

- Montreal Trustco

Halifax Building

EQUITY-LINKED

Hirochi Construction

Industry

Society

paper.
The issue is not guaranteed by the parent Swiss firm, but if its holding in this U.S. subsidiary ever falls below 51 percent investors can request immediate redemption.

Nestle's paper ended the week at a discount of 1.10 points, well within the 1.375 points in fees paid to underwriters. But the five-year notes for Ferrovie dello Stato and Halifax fared less well and ended the week trading outside the underwriting fees. Ferrovie's 100 million ECU issue

had a better reception, down 2, than did Halifax, which ended the week down 214 points

The continuing surprise in the market is that the nervousness in the currency markets has not translated into much business for the

Reject Spin-Off

Of Burger King

CHICAGO - A group rep-

resecting franchisees of Bur-

ger King Corp. has formally

spin off the restaurant unit.

Pillsbury had lobbied the

group's leaders to gain support

for a plan under which Burger

King would be spun off and

millions of dollars would be

borrowed to pay a special divi-dend to shareholders.

Pillsbury hopes the payout

would encourage shareholders

not to tender their stock to

Grand Metropolitan PLC.

which has offered \$60 a share,

or \$5.2 billion, for Pillsbury.

The franchisees' rejection Friday will make it less likely

that Pilisbury will be able to

pursue its plan. Merger spe-

cialists said few, if any, banks

would lend to Burger King to

support a special dividend if it

is apparent that the franchi-

sees oppose such borrowing.

rejected Pillsbury Co.'s plan to

The Minneapolis-based

Franchisees

Deutsche mark sector of the bond actly what investors do not want. market. Bankers say investors are reluctant to buy bonds until the the stinginess of the terms, Bankers relationship between yields on domestic and Euro issues becomes

Changes in the application of next year's withholding tax on domestic bonds has resulted in a decline in the yields of domestic paper and a rise in the yields on the less liquid Eurobonds.

Currently, triple-A, 10-year Eurobonds are yielding about 14 point less than domestic bonds and some bankers believe that when the dust has settled domestic paper will be yielding 14 point less than Euro-

The market, meanwhile, did not take well to last week's offering of 150 million DM for Copenhagen Handelsbank Subordinated paper well as the European Coal and issued by a bank running for 10 Steel Community's issue of 10% years wraps up in one sentence ex- percent lire bonds.

Campiled by Our Staff Front Desputches

wound up late Friday when the two

bidders for RJR Nabisco Inc. sub-

mitted voluminous documents near

The deliveries by the bidders, a

group led by RJR Nabisco man-agement and Kohlberg, Kravis,

Roberts & Co., were made to a

New York law office as throngs of

photographers and television cam-

The setting only added to the spectacle that has surrounded the

auction of the 19th-largest industri-

It undoubtedly will be the largest

corporate transaction in history,

with the bids expected to top \$92 a

Wall Street sources said both

The management group was be-

share, or more than \$20.9 billion.

groups had changed their offers."

lieved to have submitted an offer for all of RJR Nabisco and a sepa-

rate offer for its tobacco opera-

tions, which make Winston and Sa-

lem cigarettes, sources close to the

al company in the United States."

the deadline for bids.

eras captured the scene.

Further roiling the reception was said the issue was put out for competitive bidding and the borrower wanted to achieve a swap into

floating-rate Deutsche marks at a

Noncollable. Each \$5,000 note with one warrant exercisable into company's shares of 1,302 year per share and of 1,23.25 year per dollar. Fees 24%. [Nomuro inf1.]

rate. Fees 136%, Denomin

cost of 40 basis points over Libor. The lead manager, Westdeutsche Landesbank, was quoting the issue at a discount of 2.6 points, just outside the 21/2 percent fees, but the real price away from the lead manager was considerably lower.

The Swiss Bank Corp. and Deutsche Girozentrale issues were also very tightly priced, but were essen-tially private placements.

For high-coupon investors, there were two issues in Australian dollars - Finance for Danish Industry and Montreal TrustCo. - as

The bidders sent lawyers to de-

liver the bids at the office of Skad-

den, Arps, Slate, Meagher & Flom.

The firm represents a special com-

mittee of RJR Nabisco board

members that will be evaluating the

People with knowledge of the situation said that both bids were

The special board committee

was scheduled to meet Sunday to

hear the evaluations of the propos-

als from their financial advisers.

The full RJR Nabisco board was

scheduled to meet Monday, but

that meeting was advanced to Sun-

The board's committee bas said

that it would consider bids but that

it may not choose any. It also said it

would consider selling RJR Nabis-

co's high-profile food businesses it-

self and would entertain bids for

A number of corporate buyers are believed to be eyeing RJR Na-

bisco's brand name food lines,

the tobacco operations aloos.

worth more than \$92 a share.

largest corporate auction in history their bid to include a higher per- al.

Bond Market BIS to Review French Issues

would have to be privatized, which the Socialist government has ruled

out, or get the money from the

government. The latter would be a

difficult since official policy is

aimed at cutting spending to re-

suing paper that had the major

giving away in return any voting

paid only during the first 15 years, the time for which investors actual-

ly hold the "perpetual" notes, and

can be suspended if the banks run

Interest on the issues is to be

The recent issues by Credit Ly-

duce the state deficit.

power.

from investors

Fears Rise In Rates, Weak Dollar

and could rally soon. points last week from the previous be considered Tier I capital.

U.S. CREDIT MARKETS going to hike the discount rate," government securities trader for Aegis Capital Management Corp. The next U.S. job numbers are due

out in early December. interest the Federal Reserve Board ment their capital to meet the oev rate in August to 6.5 percent from sets by 1992.

6 percent. Much of the bond market has both issued the maximum amount already responded to an anticipated rate increase, Mr. Greenspan said adding "It's a sell-the-rumor, buy-the-fact situation." Another sense in view of what's been hap-

pening to the dollar," he said. The coordinated central bank innow." Salomon Brothers Inc. said in its weekly market commentary, market's negative sentiment re- the Liberals win the election, to

garding the U.S. currency." Mr. Greenspan, bowever, said he bond market stage a small rally in needs a conservative victory," said the short term because "technically the market has been beat up pretty Securities. good and is a bit oversold.

rose moderately in light trading Friday, largely in tesponse to the ready built into the market," said a stabilized dollar, "But

The new 30-year bonds auctioned by the Treasury on Thurs- the bottom yet. There are the U.S. day, the 9 percent issue due in November 2018, traded Friday at 98 Securities investors back the 28/32, to yield 9.11 percent, com- Free Trade Agreement, believing pared with the average yield of 9.10 that the dismantling of tariffs, giv-

percent Thursday.

The "old long bonds," the 9% percent issue of May 2018, were offered late in the session at 99 27/32, up 12/32, for a yield of 9.14 percent, which compared with 9.17 percent the preceding day and 8.90 blocked by the Liberal-controlled percent a week earlier. (NYT, UPI) Senate.

The RJR Nabisco executives which include Oreo cookies, Ritz of Chicago bas contacted the com-

Monte, a maker of canned fruits

and vegetables. Several major con-

sumer products companies bave

said they might be interested in

third bidding group might have emerged at the last minute.

New York Times Service

Foods Ioc. has let its \$52-a-share

bostile tender offer for Holly

Farms Corp. expire without taking

further action, apparently signaling

Memphis concern, a rival poultry

producer.

WASHINGTON - Tyson

There was speculation that a

ton Corp. and the Pritzker family tion said.

bidding on the food assets.

RIR Nabisco also owns Del shot.

Two Bids Are In as RJR Nabisco Deadline Passes

NEW YORK -One stage in the were believed to have amended crackers and Shredded Wheat cere- pany about submitting a proposal,

By Carl Gewirtz

PARIS - Banking supervisors are planning to take a hard look at the recent moves by the stateowned Credit Lyonnais and Banque Nationale de Paris to raise capital through the sale of perpetual subordinated floating rate capital

NEW YORK -The weak dollar Officials said the meeting at the and fears about a possible rise in Bank for International Settlements interest rates pushed bond prices in Basel, Switzerland, early next ger around these constraints by is- core capital, further innovations lower last week, but some analysis month will focus oo the question of say the market has been oversold whether the money raised - \$350 million for Credit Lyonnais and The bond market dropped 112 \$400 million for BNP - ought to

Under an agreement adopted There has been a lot of talk that last July, aimed at establishing uniperhaps after the next series of un- form standards for measuring banks' capital and risk exposure, banking supervisors agreed on a employment numbers the Fed is two-tier system for defining equity capital. At least half of a bank's said Jonathan Greenspan, chief capital has to consist of Tier 1 "core capital" - shares and disclosed reserves.

As state-owned institutions, the two French banks are severely con-The discount rate, which is the strained in the way they can augcharges on loans 10 financial insti-international standard, which calls tutions, is a key indicator of credit for equity capital to equal at least 8 conditions. The Fed last lifted the percent of their risk-weighted as-

Credit Lyonnais and BNP have

buy-the-fact situation." Another CANADA: Bond Holders Nerrous

(Continued from first finance page) revention "has proved sufficient to condition for a pick-up in issuhalt the dollar's latest slide for ance," said David Griffiths, an an-

alyst at Salomon Brothers. Most analysts predict a renewed but it has not yet reversed the fall in the Canadian dollar should

around 76 cents against the dollar, For the Free Trade Agreement to would not be surprised to see the proceed on schedule in January, "it lan Amstad of Chase Manhattan

Other analysts argued that a Lib-

Treasury note and bond prices eral victory had been discounted.

See moderately in light trading "The failure of the FTA is altrader at a Canadian bank, "But that does not mean we have seen

Treasuries to contend with." ing Canada access to a market 10 times its own size, would curtail imported inflation, Ms. Edwards of

Credit Suisse First Boston added. The agreement, planned to come into force in January, has been

though this was considered a long

In anticipation of a resolution to

the bidding battle within the next

several days, RJR Nabisco's stock

price jumped \$1.25 to \$84 Friday in

The auction is unlikely to end

when the special committee reviews

ConAgra Inc. in a stock swap to

Uoder the agreement, Holly Farms shareholders will receive oo

less than 1.875 and no more than 2

shares of ConAgra's stock for each

The price of Conagra's stock

avoid acquisition by Tyson.

exceptionally heavy trading.

A group that includes First Bos- the bids, people close to the situa-

oducer.

The expiration Friday of the Ty
when the merger is completed will
determine the overall value of the

soo bid, valued at \$920 million, was transaction, but the price will be no

seen as a victory for Holly Farms, more than \$59.25 a share and could which agreed to be acquired by be much less. (NYT. Reners)

Tyson Ends Bid for Holly

its withdrawal from a battle for the Holly Farm share.

of gross domesuc product -when they return to power, but investors are skeptical because of the party's Tier I capital as voting shares. previous record, she added.

Brazilians Said to Restrict

Debt-to-Bonds Conversion

to worry about an oppositioo victory is fiscal policy, Ms. Edwards said. The Liberals bave pledged not to increase the budget deficit — running at an estimated 4.9 percent

SAO PAULO - Brazil will re-

strict the conversion of foreign debt

into bonds for six months, a busi-

Roberto Della Manna, head of

the Federation of Industries of São Paulo State, said the government

would act to slow expansion of

Brazil's money supply and thus its

He said the finance minister.

Mailson Ferreira da Nobrega, had

told businessmen and union repre-

sentatives negotiating a "social

ness official said Saturday.

galloping inflation rate.

money raised as Tier I capital.

cates they can issue to the public standards. With bank stocks curunder French rules. To further in-crease their capital, the banks banks would prefer not to issue banks would prefer not to issue new stock, if the formula developed for the French results in Tier I capital, banks in other countries

might be tempted to follow suit. The opposition from supervisors is multifaceted. To begin with, they fear that each time a new scheme is allowed onnais and BNP were designed to to expand the narrow definition of

characteristics of equity without on equity capital will erode. Supervisors are quite keen to preserve the integrity of Tier 1 capital." an official said. "Once you set a standard, it's natural for everyone to try to find a way around it, but it's only a standard if you stop the

will be encouraged and the focus

into trouble. Just like the dividends A second objection from the supervisors is concern that a proliferon common stock, if the interest on ation of such paper will wind up in the floating rate notes is not paid it the portfolios of other banks. The Bank of England has established At the end of 15 years, the ootes quite tough regulations requiring pass to an offshore trust. An initial any bank in its jurisdiction to repayment to the offshore trust enduce from its own equity the ables is to purchase zero-coupon amount of capital notes held in its bonds whose proceeds are used to portfolio that were issued by other repurchase the floating rate ooles banks. The aim is to prevent a poientially dangerous pyramiding of Some banking supervisors, with the Bank of England reportedly in Such tough

Such tough rules are not likely to the lead, object to classifying the become standardized. The United States reportedly does not want Virtually all banks need to iosuch constraints to prevent a mascrease their capital to meet the 1992 sive restructuring of the banking system if that ever becomes necessary, and the Japanese are also not eager, since cross shareholdings are

common there. The final objection relates to vot-Another cause for bond markets ing rights, which holders of the floating rate notes do not have. Officials are apparently concerned that if the money raised from the notes is considered Tier 1 capital, existing shareholders with voting rights would have undue influence relative to their investment. Thus, one proposal 10 be considered at the BIS meeting will be to redefine

Head of FDIC Warns About Buyouts' Effect

PALM BEACH, Florida -The growing popularity of leveraged buyouts has had an alarming effect on total U.S. corporate debt levels, according to the chairman of the Federal Deposit Insurance Corp.

L William Seidman told a group of bankers meeting in Palm Beach that if the United States has an economic downturn like the recession of 1974. 10 percent of 1,500 companies surveyed by Princeton University could go bankrupt because of unserviceable debt.

"Overall, we believe we are entering a world of increased competition and potential for economic downturn." Mr. Seidman said Saturday.

"To date, bank lending for leveraged buyouts has reached the S150 billion level, or about half of the S300 billion of debt corporate America has taken on as a consequence of lever-aged takeovers," he said. Urging caution in lending to

finance leveraged buyouts, be said the net interest paid on debt in the U.S. corporate nonfinancial sector iocreased more than 30 percent from 1984 through the second quarter of 1988. Corporate growth in that time was 13 percent. Referring to a crop of fail-

ures io the savings and loan industry. Mr. Seidman said the FDIC is solvent, with a net worth of \$15 billion

US Treasuries

7,90 %

6.08%

U.S. Consumer Rates

uling part of its \$121 billion debt. the largest among all Third World countries. Mr. de Noronba said that this action could lead the banks to in-

debt conversion would run counter

to an agreement that the govern-

ment reached with a committee of

foreign creditor banks on resched-

a \$5.2 billion line of credit. The agreement, reached earlier bonds, reducing their value, or

coming foreign currency for 180 days, However, Durval de Noronha, an attorney specializing in interna-tional law, warned that limiting

Tax Exempt Bands Bond Buyer 20-Band Index Money Markel Funds Jank Money Market Accounts Bank Rair Monitor Index Home Martycos, FHLB pverop

validate the agreement and cut off

pact to steady the economy that he was studying three options: suspending the sale of foreign debt rates on some of the debt, and extended repayment time.

pushing back their conversion date. The most important aspect of the Mr. Della Manna said Brazilian accord was that it ended an interest essmen favored limiting the moratorium that Brazil imposed in debt conversion and freezing in- February 1987.

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public issuers, 8 yrs & over	9.40	727
other issuers, 8 yrs & over	7.54	9.58
after Issuers, 5 to 7 yrs.	9.32	9.19
Pounds sterling, 5 to 7 yrs	18.66	10.40
French frencs, less then 5 yrs	2.76	6.70
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5 Va 7 yrs	7.87	7.37
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Sales Vol. **AMEX Diories**

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sents a constant challenge to the Management to ensure that the CS MUNEY MAUKET FORD US-DULLAU maintains its top standing in Now is the time to take avantage of the security and fiquidity offered by the CS MUNEY MARKET

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Democrat Tho Could Vin in '92

By Tom Wicker EW YORK — A fundamental reason, why Democratic non-have lost five of the last st dential elections — two by center than different and two by tenter than the control of the contr sides — is that in these nation

ests Republican victories lave very nearly lily-white. n. Nov. 8 in the Middle West lo piple, George Bush won 57 Per of white voters but only 8 Per of blacks. In the South he look percent of the white vote to 12 Northeast, he could win only is 12 percent of black voters by cored heavily with whites, by 51

54 percent. Thy has this happened? Unque tably because the Democratic ty has become associated in the blic mind with hlacks pany anse blacks have been wong with Democratic (this year from to 91 percent in the regions disc we); partly because the Deno-ts in their eight years of presiden power since 1964 sponsored non the orderams that many white the programs that many white nk benefit hlacks disproportion ly; and partly because of recuren npaign phenomena like Jesse lad i's high visibility in the Democra-Party and Willie Horton's in the ar's Republican television appear Michael Dukakis would have he : 1988 election in any case, because ace, prosperity and patriotism— embodied in Ronald Reagan— Te working for Mr. Bush. But win ght into the Republican Party is regions of the country but no ectacularly in the South, will be

doable, continuing, virtually last oblem for the Democrats as la read as a poll-taker can see. This is not racism in a sheet and ood; it is race consciousness in hite as well as a hlue collar, It is the ominant, underlying fact of motor ational elections, year after year epublicans who deny that they a loit it are disingenuous; Democra tho pretend that they can win ray are whistling past the gravered What's to be done? The Demone

annot and should not deny their pa hey cannot fabricate some message" that will gloss over roblem. Nor can they win with as ymbols like a national conventing scarlett O'Hara's hometown, or en southerner to balance their ticke. Only an exceptional president

andidate can bring white America pack to the Democratic Party is at ficient numbers to give them a chan to win national elections, while at same time retaining high level (hlack support. With all due respons Michael Dukakis and his late-blow ing campaign, he was never the cadidate who could do it. On the one hand, and however!

tried to duck it, he was a Massade ose career was notlent of Harvard, social programs z benefits for the disadvantaged scarcely the man to appeal to we Democrats who had flocked to ke aid Reagan. On the other hand! had no close associations with him and had won nomination in king competition with Mr. Jackson

When Mr. Dukakis spoke eats his campaign at Philadelphia Mar sippi, without mentioning the us of three civil rights workers made there a quarter century ago is clear that his campaign appears not be to blacks or liberals. But it light of his own and his party ship. he still was not and never home believable to Reagan Democrate crough whites, as a potential profe who would have their perceival ests equally at heart. Mr. Bel. contrast, was a suspect candia June but established by Septement satisfactory identity as Mr. Ros surrogate, and no wimp and il It is commonplace now to sti Lloyd Bentsen might have work been at the head of the Denna

ticket. So Senator Bentsen manife fundamentally because in his l experience he had established and built confidence in himself the black community, while 812 tor his moderate record and man manner had not identi whites as a social or fiscal rate tent on upsetting the order of the particularly the racial order. Senator Benisen hims 100 old for consideration in 191 he represents reasonably kind of nominee the Denico if they are to compete again national level. Such a compete again. would not be an abando liberalism but a practical regaining liberal access to pro-tial power, through liberal acc within a president's part.

The New York Total

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a foreign country, and anguish how the Crown like South African Union donument the Briss

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

The Amsterdam Stock Exchange as m a somber mood last week. Prices held initially, but later in the week they came under pressure, and the ANP-CBS general index fell 3.3 points to 269.5. Volume inteled 5.015 billion guilders, down from 6.413 billion the previous

Despite excellent results posted by Uniterer and encouraging U.S. trace figures, Dutch shares slipped. There was no stimulus from the bond market, as attention focused on the West German bond market due to proposed changes in the withbolding tax.

As only massive intervention seems to prevent a much weaker dollar, the Duich share market will remain fundamentally weak, the brokerage Kempen & Co. said.

Frankfurt

. The stock market showed strength during the trading week, which was only four days because

of a holiday on Wednesday.

The Commersbank index finished the week at 1,592.3, up from 1,566.2 the previous Friday. But the turbulence associated with the weak dollar numed some investors away and lowered volume for the week to 12.19 billion DM, from 14.14 billion the previous week.

Anto stocks were popular and moved higher. BMW rose 7 to 524 DM, Daimler-Benz was up 11.20 to 744.20, and Volkswagen gained 14.50 to 316.50 after announcing higher carmings for the third quar-ter. Chemical stocks were also

strong, especially Hoechst. Siemens, involved in a joint takeover bid for Plessey, finished at 477.50, up 8.70. Nixdorf went against the trend after pessimistic earnings forecasts for the year. phinging 25.20 to 378.50.

Hong Kong

Stocks in Hong Kong seesawed, following leads from overseas markets, but finished little changed. The Hang Seng Index shed 2.58 points to end the week at 2,581.16,

while the broader based Houg Keng Index gained 0.15 point to close at 1,702.94: Volume rose to a daily average of 659 million Hong Kong dollars, up from about 526.4 million dollars

he previous week. Both indices responded to downtrends on Wall Street and had setbacks Monday, with the Hang Seng dropping 45.75 points and the Hong Kong shedding 29.62 points. They recovered most of the losses Tuesday when dealers followed gains in Wall Street and Tokyo.

London

After falling early in the week, the London market finished higher. The Financial, Times 100-share index closed at 1,823.4, up 20.7 points for the week. The Financial

Times industrial share index ended the week 27.8 points higher than the previous week's close, at

Gold mining shares lost ground, and government bonds ended mar-

A steadier dollar, brought on by intervention by major central banks on Thursday, encouraged the upward trend, Shares benefited from intense

takeover activity. The electrical group Plessey leaped after the announcement Thursday of a joint takeover bid by General Electric Co. and Siemens.

The brewers Allied Lyons and Lonrho were also higher after contradictory rumors concerning the intentions of the Australian businessmen Alan Bond.

Shares in the publisher William Collins rocketed when the firm became the object of a takeover bid by News Corp.

Milan

Stocks moved lower in slightly heavier and nervous trading.

The Comit Index finished at 579.64, down from 591.68 the pre-

vious Friday, Daily volume averaged 235 billion lire, compared with 200 billion lire the previous week, and 55 million shares a day. Leading shares lost ground, except for Generali, which rose hy 1,3 percent. Pirelli SpA dropped by 5.2 percent, Montedison fell 4.7, CIR

slid 4.4, Ferfin was down 4, and Olivetti sank 3.5 percent. Fiat was off 2.9 percent, and Ferruzzi Agricola by 2 percent. Mediobanca, 13.3 percent of whose capital is to go on the market, dropped

Paris

Stock prices were generally steady last week. The CAC index ended the week at 392.6, down 0.8

Traders had hoped the index Zurich would reach the psychologically important level of 400, but analysts said investors had a wait-and-see attitude after the election of George Bush as the next U.S. president and because of the latest assault on the dollar.

The Bourse was depressed by the downtrend on Wall Street, hut the strong performance of the French economy helped them it major declines.

Singapore

Share prices continued to slide in lackluster trading. day, while bearer sha
The Straits Times Industrial In20 percent to 6,950.

dex closed Friday at 991.37 points, worth 184.7 million Singapore dolerage daily volume was 15.9 million

Dealers said news of the republie's 11.8 percent annual economic growth rate for the first nine months of the year and bright prospects for the remaining three

months failed to boost sentiment. City Development Warrants was the most active stock, although volume was only 3.3 million shares. It was followed by Sime Darby with 3.2 million. In third place was DBS, which saw 2.3 million shares change hands.

Tokyo

Share prices soared on the Tokyo Stock Exchange last week. The key market indicator, the Nikkei stock average, finished at a record 29,180,20 yea on Friday, up 690.63 from a week earlier.

The average topped the 29,000 level for the first time Thursday, finishing at 29,076.81. The Tokyo Stock Price Index

chalked up a 39.14-point weekly gain, finishing at 2,252.11 Friday. Trading was moderate, with an average of 992 million shares changing hands a day, down from a daily average of 1.027 billion shares the previous week.

But the value of stocks traded rose to 1.28 trillion yea a day on average from 1.06 trillion yea, indicating that trading centered on high-priced stocks.

Many individual investors returned to market as a tax reform bill on which Japanese Premier Noboru Takeshita had staked his future passed the lower house Wednesday. Individual investors had adopted a wait-and-see attitude towards the hill, which included a capital-gains tax.

Commenting on the rally of nigh-technology electrical stocks, a dealer said that investors seemed to be after margin profits, huying back electrical issues they had sold previously.

Stock prices ended mixed in a week dominated by trading in Nestlė shares.

For the market as a whole, the Crédit Suisse index rose to 501.8 from 487.6 at the end of the week, while the Swiss Bank Corp. indicators slid to 542.4 from 546.3.

Nestle shares featured in Zurich trading after the firm's announcement on Thursday that it was opening its registered shares to foreign

Those shares jumped from 4.320 Swiss francs to 6.070 francs on Friday, while bearer shares plunged by Banks moved lower on the week,

a loss of 23.66 points for the week. Swiss Bank Corp. was down 26
A total of 80.1 million shares points to 360. Financial companies were also off slightly, such as lars changed hands this week. Av- Electrowatt, which lost 50 to 2,750. In the insurance sector, Compag-

units, up slightly from last week.

Continued selling and lack of inlost 2,000 francs to 10,700, while stitutional support dominated the firm's registered stock gained

WALES: Ford's Billion-Dollar Investment Raises High-Technology Hopes in Bridgend

(Continued from first finance page) activities of a group of Welsh nationalists that has carried out a spoof Cardiff, noting the influx, anradie arsoo campaign against holi-day homes of Englishmen and nounced it would establish a Cenother "foreigners" in the north of ter for Japanese Studies early in mid-1989 with aid from the private the country, as well as real estate sector; this would be the first such center in Wales.

offices and some shops. But such nuisances are the least

of the region's concerns. Observed Geoff Wright, business editor of the Cardiff-based South Wales Echo, the leading regional newspaper: "There's a helluva lot going on, with Ford and other foreign investment coming in. But it would be wrong to say that a boom is spreading through

"The reality," he said, "is that pockets in South Wales are doing very well. But when you go deep into the valleys, things haven't im-

proved that much." Britain's Welsh Office, based in Cardiff, the capital of Wales, has cash at the ready to lure both domestic and foreign investment.

The office, a branch of the national government, is providing £26 million in start-up grants to Ford, which last month said it was investing £725 million to build the highly automated engine plant in Brid-gend that would export more than 60 percent of its production to continental Europe when operations

begin in 1991. Ford picked the Welsh site, where it already has a major motor plant, over alternatives in Valencia, Spain

and Cologne, West Germany. Viv Thomas, mayor of Ogwr Borough that includes Bridgend, said: "An investment of this size hy Ford is very important for the borough. It's a resounding vote of confidence in the south Wales work

force. The Welsh Office is hoping that Ford's huge investment and the turnaround at British Steel's Port Talbot plant will indeed he interpreted as a vote of confidence by other major multinationals considering establishing or expanding op-

crations in the area. "li's not just Ford," said Peter Walker, Britain's Welsh secretary, in an interview in Cardiff,

"Sony, Panasonic and other Japanese companies are doubling their investment in Wales," he said, Sony and Ford, which established operations in Bridgend in the 1970s, have been the town's largest private employers.

Mr. Walker, who has held influential cabinet posts in Prime Minister Margaret Thatcher's Conservative government since it came to power in 1979, has managed to extract higher levels of financial support from London for investment Wales at a time of increased

government austerity.
Mr. Walker said his budget for regional industrial aid for the 1989-90 fiscal year is £270 million, representing a 51 percent increase over the past two years. According to the Cardiff Chamled the wave of foreign investment which makes 500,000 color televiin Wales last year. The University sion sets annually, says that the agement-worker relations and the ket.

the most integrated television asis "very competitive with rates in New Japanese investment in south Wales includes a venture

linking Onamba Co. and Sumitomo Electric Co. for the manufacin greater numbers, according to ture of wiring harnesses for computer chips; the establishment of a the Cardiff chamber. Eeco Systems Mitsuhishi subsidiary, Diaplastic. producing television components and electronic office equipment;

and the opening of plant by Star Micronic, a midsize company that makes computer printers. plant manager, said he believed the David Jenkins, financial controlcompany selected the site chiefly

last year's £40 million. Productivity at the plant, one of sembly sites anywhere in the world. In real terms, our productivity has

Japan," he said, U.S. and West German hightech firms have also been investing ate up to 700 jobs and give work to

Inc., a California-based computer and electronics company, recently opened a keyboard assembly plant in Baglan, a town west of Bridgend. Roy Godier, Ford's Bridgend

sion sets annually, says that the company nearly doubled its investment to £70 million this year from hrace change."

"Two years ago, we were able to cut our work force by 15 percent with no hostility from the unions. gone up by 20 percent since then," Mr. Godier said.

Ford says the new plant will creas many as 2,500 people at associated suppliers in the region.

The new plant in Bridgend, where work has begun on the sprawling 1.6 million-square-foot (140,000-square-meter) site, will supply up to 850,000 new "leanburn" engines each year as part of the U.S.-based motor giant's cam-

ber of Commerce, Japanese firms her at Sony UK Ltd. in Bridgend, because of the current plant's 10- paign to update models and garner

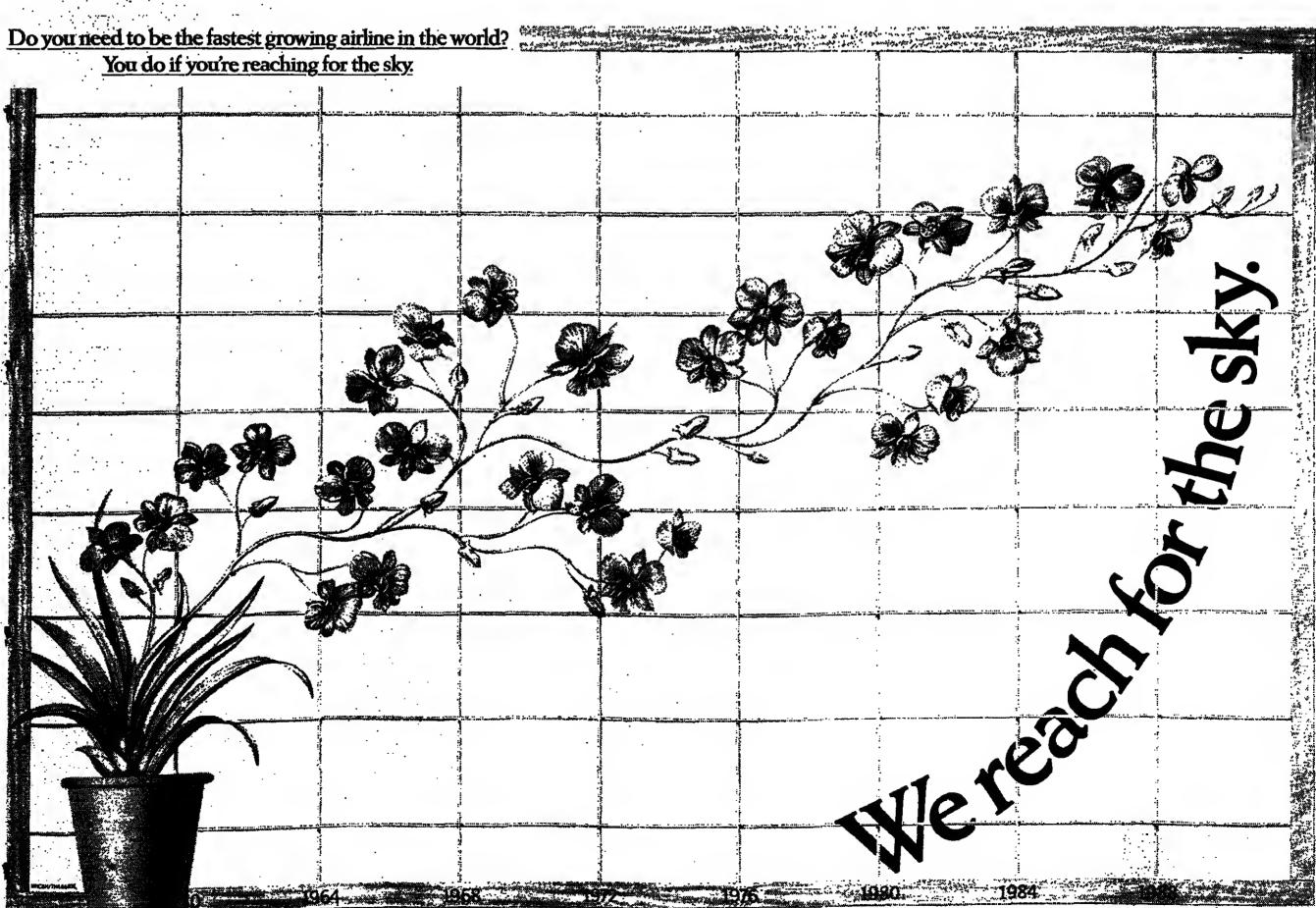
Andy Richards, a trade union leader at the plant, said that Welsh workers - many of whom experienced firsthand the shakeout in the

coal and steel industries in the early to mid-1980s - are realistic about adapting to new technology. John Madden, British Steel's plant manager at Port Talbot, also points to an ethos of commitment among workers as a major factor in

reviving productivity at the plant, one of five that comprise British Steel's core operations. In 1980, when the work force was

slashed to 5,500 from 12,000 in the face of massive overcapacity, productivity stood at around 12 manhours per ton of liquid steel.

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MONDAY SPORTS

SIDELINES



GUESSING GAME — Tit Sookk of the Soviet National team had Kevin Pritchard of Kansas momentarily in the dark during Saturday's exhibition baskethall game in Lawrence, Kansas. The Soviets came away winners in overtime, 93-84.

Duke Blows Past Kentucky in Opener

SPRINGFIELD, Massachusetts (AP) — Danny Ferry scored 23 points Saturday and top-ranked Duke used 16- and 13-point second-half bursts to pull away from Kentucky, 80-55, in college basketball's 10th annual Tipoff Classic.

The Blue Devils returned 10 players from last year's Final Four team and were expected to open the season with an easy victory. But Kentucky, which lost seven of its eight leading scorers from last year's team and has been under the cloud of an NCAA investigation, made it close for 24 minutes.

Gilder Ends His Golf Slump in Hawaii

KAPALUA, Hawaii (UPI) - Bob Gilder shot a 6-under-par 66 Saturday to match the tournament record of 22-under for four rounds

and post a two-stroke victory in the Kapalua International. Gilder, 37, earned \$150,000 for his 266 total on Maui's Bay Course. He had not won since the 1983 Phoenix Open. Gilder entered the final round with a one-shot lead over Corey Pavin and ended up winning by two strokes over John Mahaffey, who also closed with a 66. Pavin finished 71-272, in third place. Steve Pate and Mark O'Meara were at 273.

Ouotable

 Dino Ciccarelli of the National Hockey League's Minnesota North Stars: "I'm sick and tired of hearing how good we are. If we're so good, who do we keep finishing last?"

U.S. Track Body Suspends 4 for Joining South African Meets

Washington Post Service CHICAGO — A three-member panel has voted to suspend indefinitely three U.S. athletes and a coamonth in defiance of an interna- organizer of the tour.

The hearing on Friday, called by The Athletics Congress, the gov-erning body for U.S. track and field, was to have determined the fate of 16 of the athletes and coaches who took part in the tour. But 12 of them requested a later hearing. which the panel set for Dec. 15 m the Los Angeles area. Because the other four had not

requested the change, their cases were heard Friday. None of them

distance runner formerly from Ari- field, in 1976. zona State; Tom Hintmans, a pole vaulter who has competed for Brazil. Tyrus Jefferson, a long jumper ch who participated in a series of in his senior year at the University track meets in South Africa last of Arkansas, and Dick Tomlinson,

> It was the first time that U.S. athletes were suspended for competing in South Africa. Officials believe this is only the second case
> — the Zola Budd affair in April
> being the first — in which track athletes have been sanctioned for taking part in meets there.

Because of its policy of racial in 1964 and expelled from the In-ternational Amateur Athletic Fed-

Suspended were Ray Wicksell, a eration, which governs track and is not a member of TAC. Officials of

Richard Hollander, the TAC general counsel and one of the pan-el members, said, These people in his senior year at the University did in fact participate in track ao of Arkansas, and Dick Tomlinson, tivities in South Africa in violation of the rules of both the IAAF and The Athletics Congress. For that reason, they have been suspended indefinitely.

Hollander added that the suspensions could be appealed to the TAC board of directors, which will meet in March. He also said the outcome of the hearings on Dec. 15 may change the suspensions im-posed Friday, which were effective separation, South. Africa was immediately and applicable to nabanned from the Olympic Games tional and international competi-

Tomlinson, a former track coach.

the congress said that under the tend the hearing next month are: sanctions, he would not likely be Tom Petranoff, a 1988 Olympian prevented from coaching TAC ath-

Tom Tomlinson, Dick Tomlinson's attorney and nephew, said that he was not surprised at the ruling. "We felt it was a foregone conclusion what would happen to everyone at those hearings." Tomlinson said.

He added that because the IAAF rule prohibits only participation, his uncle broke no rules as an administrator for the tour.

The panel members said that letes had participated in the meets. and James Andrews, long jumper toria government.

able to join, and that he would be and a former world record-holder by a South African oil company. in the javelin; John Powell, a twotime Olympic bronze medalist in The athletes said they went to see

socki, a 1984 Orympsen are sold ing.
1,500 meters; James Robinson, a ing.
The athletes were reportedly meters; The athletes were reportedly meet and

National Collegiate Athletic Asso-many did. they had reviewed information re-ceived in letters and newspaper fornia, and four athletes from that athletes were unwitting pawns be-

began on Oct. 15 in Johannesburg. the discus; Carol Cady, a 1988 for themselves what the conditions Olympian and the U.S. record-were in the country. Most came holder in the discus; Ruth Wy-back and said that opportunities socki. a 1984 Olympian at 800 and for blacks in athletics were improv-

Dave Laut, a former UCLA star paid \$10,000 to \$30,000 a meet and and 1984 bronze medalist in the were promised bonuses for breakaput; Milan Stewart, a former ing South African records, which

ciation champion hurdler from The tour was condemned by USC; Ted Banks, coach at River-TAC and IAAF officials as well as clippings to determine if the ath- school - sprinters Cedric Gilder ingused as propaganda by the Pre-

VANTAGE POINT/George Vecsey

The 'Other' South Korea

NEW YORK - It was something of a shock to discover the other day that I must have been in some other South Korea during the recent Summer Games. This amazing revelation was brought home on Vet-eran's Day while standing in line with other New

Yorkers at a department-store shoe sale. "Are these made in America?" one woman asked, "Taiwan," another woman said.

"That's all right," a man said. "As long as they're not from Korea. What a place. They were burning the

flag all during the Olympics. They were booing our athletes. They're anti-American over there." This was quite a surprise to me, because I'd been under the impression that most South Koreans were quite friendly to Americans. With intrepid journalistic

instincts, looking at the opulent department stores and modern automobiles, I had somehow ascertamed I was not in North Korea. What are you talking about? I asked the people at

the shoe sale. "The demonstrations," the man said. "During the

Olympics."
"I was there," I said. "I was there for three weeks, I didn't see any demonstrations."

"You were there?" the man said. How could I begin to tell these people about riding the subways, often with my laminated press badge around my neck, and having adults start cheerful conversations in English?

How could I properly recreate walking along the sidewalk and hearing pitty-pat fontsteps behind me, and turning and seeing children, following me and giggling shyly? "Hello," they would chorus.

Were people practicing a mixture of good manners and flattery on a somewhat romantic tourist from the West? To some degree, of course. There was a national concurrence to let all divisions drop for three weeks and show a polite side to the visitors. But, having seen the 15-second televised film clips

of demonstrations in South Korea, too many Americans have somehow transferred these protests into an Olympic framework. To a print journalist, it is more than a little scary to see how one visual impression can blot out all the information available in print.

Repeat: There was no blatant strain of anti-Americanism during the Games.

When some U.S. athletes broke ranks during the opening parade, mugging for the television cameras and waving signs, South Koreans took it as a sign of national immaturity, much like the U.S. soldiers who carouse outside the military bases there.

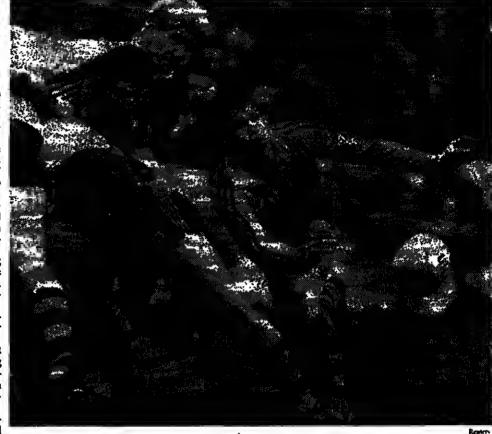
When two U.S. swimmers stole a statue and paraded with it late one night, the press and public lamented such lack of respect. Fair enough. What most South Koreans could not know was that some U.S. journal-ists were spanking the childish athletes in print.

A few days later, 10 or 15 South Korean boxing officials assaulted a referee following an unfavorable decision. This was not a public demonstration but a vicious act by sports louts, some of whom were punished severely by the international boxing federation. Would Americans want to be judged upon individ-ual behavior by Billy Martin or Morton Downey Jr. or

South Korean officials and citizens made a great fuss about NBC's repeated coverage of the boxing outrage. After the NBC flap broke out, some journalists came to see anti-Americanism because some South Koreans were waving flags of other nations and rooting for other teams

In the interest of sportsmanship, some South Kore-an companies had purchased blocks of tickets and had arbitrarily chosen to support, say, Peru or Spain or even the Soviet Union.

All I know is that for three weeks I was in a country whose people work hard, enjoy their new comforts and seem to have their strongest bonds with the United States. I told the people at the shoe sale that I couldn't wait to take my wife to visit my friends in that country, whichever Korea it was,



Australia Wins Rugby Rout Over Scotland, 32-13

Captain Nick Farr-Jones - here passing from a maul - led Australia to a 32-13 rout of Scotland Saturday in Edinburgh. Left wing David Campese scored two of the Wallabies' five tries, raising his world-record career total to 29. Hooker Tom Lawton (twice) and new flanker Scott Gourley scored the others. Michael Lynagh had three conversions and two penalty goals. Center Keith Robertson and fullback Gavin Hastings scored Scottish tries; Hastings kicked a conversion and a penalty goal.

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22 Cleo's river 23 Moslem ascetic 25 Knols or knobs

27 Utilities customer 31 Side-to-side distance 33 Farm building 34 Young woman

35 Speck 38 Egg white 40 Makes tast 43 Movie "Citizen"

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24 Writer Anatole

27 Washington is

29 Able in reverse

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39 Docile; gentle

41 Lengthen

42 Sibling's nickname

45 Bombastic

48 Stoped labor

50 C. Porter's "You Don't Know

51 "What's in

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49 Heroic poetr 50 Arctic garb 52 Bulling cnes 54 ---- War, great race horse

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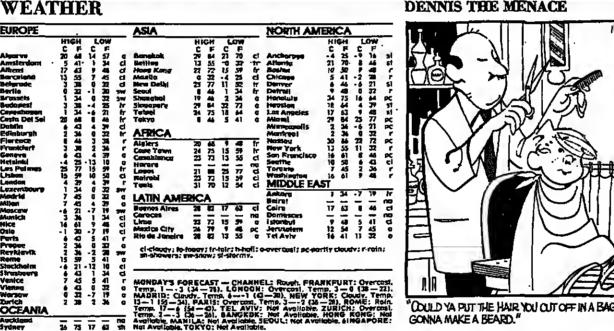
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56 Mrs Chaplin # He portrayed 58 Assist a hood 9 This helps to iorm a sum 10 Locomotive 11 Bandleader

O New York Times, edited by Eugene Maleska.

UP OUR NEW

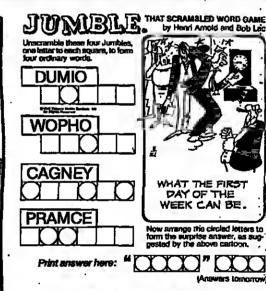
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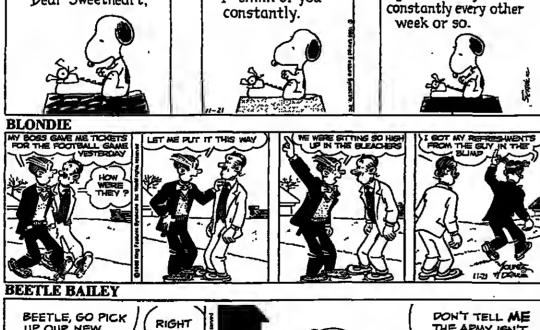


ANDY CAPP



"COULD YA PUT THE HAIR YOU CUT OFF IN A BAG? I'M

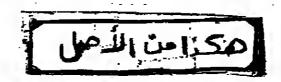












THE ARMY ISN'T

MONDAY SPORTS

BRIEFS

Future Talks

dansk.

iszczak made minimaj progres.

sziving the talks on Poland's lune
vernment. He said no progres to
bold decision" to introduc une

Wins in Sri Lank

Commission said that returns in Signature of the paner's result of the paner e going to the nation's government last month was awarded to the districts after death threat by the ers of Tamil Felam, dissuaded the

L Prime Minister

y will choose a new prime ministre I its parliament will meet to culor, ation tax law and an economic ple Grosz, who will remain part de fiklos Nemeth; the minister of the iber, Rezsoe Nyers.

Ariane Spy Charge
the French government has decide
three persons accused in March (contract the persons) ne space rocket for the Soviet la

re dropped earlier. Justice Muse tember of Parliament, repondly; ustify bringing the three to trial oviet relations. Each country ope rialists — after an investigation by evealed the alleged spying Andresion, noted that President Fractor talks with Mikhail S. Gorbate

Minister's Plane i) — Defense Minister Abdel Ng. iit by a rebel-fired missile in some

cautiously welcomed the accord in Harris, who completed 8 of 16

v that a Soviet-made SAM-7 misse: ed Khalil and the commander ne f Wau on Thursday. The pilot regar vo one was hurt.

immand less than two weeks alore

SOUTH BEND, Indiana - In one of the nichest matchings on a ing season in 50.

The No. 1 Fighting Irish defeated the Natany Lions 21-3 on Saturday with a 301-yard rushing perfor-mance and an overpowering defense that moved Notre Dame to 10-0 and closed Penn State's season at 5-6. The Irish can take the national title by defeating No. 2 Southern

California this week and No. 4 West Virginia on Jan. 2 in the Fies-ta Boorl, which made its invitations

case the game would determine the heiopal side and would likely be hoved back to Jan. 3.

crown in 19 years of coaching, said: "I'm proud of this football team, but

Notre Dame junior quarterback Tony Rice completed 10 of 18 passes for 191 yards, including the longest one of his career, a 67-yard toss to Raghib Ismail with 8:47 left

West Virginia 31, Syracuse 9: In Morgantown, West Virginia, quar-

USC 31, UCLA 22: In Pasadena, California, Rodney Peere, shaking off the effects of the measles, threw while Aaron Emanuel ran for two scores to help USC earn its second consecutive Rose Bowl berth. The Trojans are 10-0 overall and 8-0 in

in Miami 44, LSU 3: In Baton down and caught a pass for another frouge, Louisiana, Steve Walsh as Yale went on its biggest scoring hitting a Japanese vessel. If Rouge, Louisiana, Steve Walsh as Yale went on its biggest scoring provincial and local committees: threw two touchdowns passes and binge of the year to beat Harvard in Communist takeover in 1975. (Far Carlos Huerta kicked three field the schools' 105th meeting.

. ITALIAN FIRST DIVISION

BASEBALL

American Laugue
CM(CAGO—Purchosed the contracts of
Joef Dovin, Rick Rodrieuez, Wavne Edwards
end Gree Hibbard, olichers, and Mark Davis.

Aldwest Langue,
TDRONTO—Purchased the contracts of

Xadiar Hernandez, pitcher, and Jimy Kully, infielder, from Syracuse of the international Lacipue. Assigned the contracts of Colin McCouptin, pricher, and Grenatica Hill, out-

PTTSBURGH—Named Elmer Gray ad-

statistee, is Montreal for Wil Telada, calcher. Removed Jesse Reld, outflielder, from the

FOOTBALL

Ceseno I, Romo I
Como I, Inter Milao 2
Juventus J, Napoli S

SCOREBOARD

goals to lead No. 3 Miami. The Hurricanes (8-1) scored on their first two ossessions and built a 20-3 halftime

Steve Taylor scored on a one-yard run four minutes into the game and Nebraska's defense made it stand up for a victory over Nn. 8 Oklaho-ma. The No. 7 Cornhuskers won the Big Eight title and a berth in the

Orange Bowl against Miami.
Michigan 34, Ohio State 31: In
Culumbus, Obio, Demetrius Brown threw a 41-yard touchdown pass to John Kolesar with 1:37 left to give No. 11 Michigan the Big Ten championship, Michigan (8-2-7-0-1) heads to the Rose Bowl.

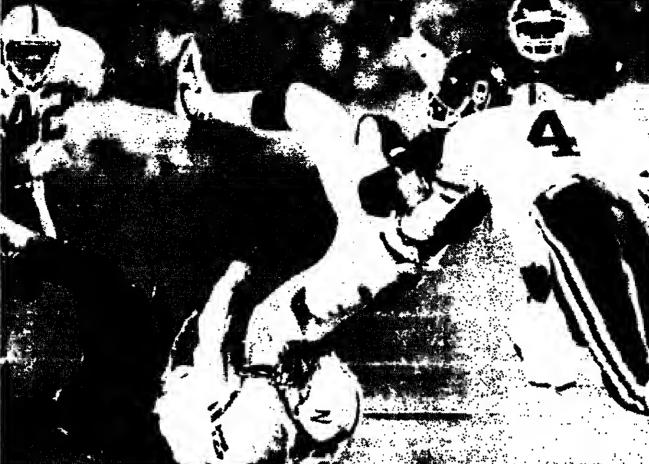
chances by rushing for 293 yards and four touchdowns to lift No. 14 Oklahoma State over lowa State. Colorado 56, Kansas State 14: In Boulder, J. J. Flannigan rushed for 151 yards and three touchdowns as No. 17 Colorado ended its best reg-

Houston 30, Texas Tech 29: In Lubbock, Texas, quarterback Andre Ware twice rallied No. 17 Houston in its 16-point final period to bring

touchdowns to set two NCAA passing records and lift Utah over No. 19 Brigham Young in a Western Athletic Conference game. Mitchell's 533 passing attempts broke the mark of 511 set by Brigham Young's Robbie Bosco in 1985, and his average of 392.9 yards per game broke the record of 380.9 set by Jim Mc-Mahon of BYU in 1980.

Washington St. 32, Washington 31: In Pullman, Washington, Shawn Landrum blocked a punt to set up quarterback Timm Rosenbach's live-yard touchdown run that gave No. 20 Washington State a victory over Washington.

Malaga rushed for fourth-quarter touchdowns to lift Cornell into a share of the Ivy League championship with Pennsylvania, Cornell ended 7-2-1; the Quakers went 9-1. Yale 26, Harvard 17: In Cam-



in rainy Norman, Oklahoma, Nebraska's defense gave up 137 total yards and Oklahoma was denied a TD for the first time in 62 games.

Bills Clinch Title By Beating Jets, 9-6

- The Buffalo Bills elinehed the 22 carries, as the Vikings burt Indi-AFC East title on Sunday for the anapolis' playoff chances.

The Vikings, who remained two first time since 1980 by beating the New Ynrk Jets 9-6 in overtime on Scott Norwood's third field goal. The 30-yard kick, at 3:47 into their wildcard playoff chances, overtime, came after Derrick Bur-

NFL ROUNDUP

roughs forced a fumble by the Jets' Roger Vick at the New York 32. The Bills ran four plays before calling on Norwood to win the game, Buffalo's seventb straight.

The Jets had a chance to win in regulation play, but Pat Leahy's 40-yard field goal attempt with 25 seconds left was blocked by nose tackle Fred Smerias.

Pat Ryan led the Jets to 259 total yards on offense against the AFC's np-ranked defense.

Bul Buffalo rushed for 229 yards, with Robb Riddick totaling 103 yards on 18 carries, and Thur-man Thomas gaining 82 yards on

Norwood's other field goals came from 25 and 26 yards, while Leahy hit from 23 and 40 yards. Vikings 12, Colts 3: In Minneapolis, Chuek Nelson kieked four

major tournaments, said she had

never played a match under that

formai. Shriver, seeded fifth, holds

a 5-3 career edge over Sabatini,

Graf was the third highly seeded player in three days to lose, Mar-

who is seeded fourth.

ORCHARD PARK, New York held Eric Dickerson to 72 yards on

games behind the Chicago Bears in the NFC Central and solidified have not allowed an opposing rusher tn gain 100 yards since Oct. 26, 1986. when Cleveland's Curtis Dickey had 106.

The Colts had a five-game winning streak snapped and will need help from many other teams to make the postseason. Bears 27, Bues 15: In Tampa,

Florida, Neal Anderson ran for two touchdowns and Mike Tomczak passed for another to lead Chicago over Tampa Bay.

and 17 yards in the first quarter and Brad Musier turned a screen pass into a 40-yard touchdown six minutes before halftime. Tnmczak, starting for the third

time this season in place of the injured Jim McMahon, completed nine of 21 passes for 179 yards and was intercepted twice. The Chicago defense intercepted

Vinny Testaverde twice and kept Tampa Bay from scoring on three offensive possessions that began inside the Bears' 40-yard line. Oilers 38, Cardinals 20: In Hous-

ton, Oilers' quarterback Warren Moon passed for three touchdowns and ran for another and linebacker Robert Lyles intercepted two passes, leading Houston over Phoe-

Twn nf Moon's touchdown passes went for 30 and 13 yards to Ernest Givins, who returned from a second quarter ankle injury. Moon also hit Drew Hill with a 50-yard touchdown pass and ran one yard on a reverse.

losi to Sukova on Friday, and Chris Both of Lyles' interceptions Evert, seeded third, was beaten by came after hits by linebacker John Grimsley and led to 10 points for "What I already achieved this the Oilers. Tony Zendejas kicked year is incredible to me," said Graf. 37-yard field goal after Lyles' sec-19, who defaulted from her doubles match in order to prime herself for another singles title. "Sure, I wanted to have a better ending to my year,

Graf's shots were a pale version of the real thing. Suffering from the cold she caught earlier in the week, ber backhand slice lacked its usual punch, often failing to clear the net. Her serve was adequate but not, as straight game. Shriver demonstrated as early as

the second game, nnbreakable. Even her renowned forehand was Graf said ber weakened condition, and not Shriver's insistent serve-and-volley, had brought ber

She said she did not notice heightened aggression from Shriver during the second-set tie breaker,

which Shriver won by 7-5. "She did it for the whole match." Graf said of Shriver's charges on the net. Graf's troubles were exactly

what Shriver needed to let herself into the match. Unperturbed by losing the first game, in which she double-faulted twice, she broke back in the second. "I was concentrating as hard as I've ever concentrated," said Shri-

ver, who entered the match with a 2-7 record against Graf, "T've been trying to work on my emotions for quite a while. Never once did I rehash something."

After testing each nther early, both players held serve until the eighth game, in which Shriver again broke Graf after earning a double break point. Graf overhit two returns, a lob and a forehand, to lose the first two points, and sent a forehand wide while playing the second break point.

was the 11th set Graf lost this year. penalty-prone Packers. In the second set, neither player vielded ber serve, and a tie breaker was required. Shriver exploited

Graf worked to a 5-4 advantage, but Shriver used two big serves to force errors from Graf, and at match point, Shriver ran toward the net as soon as she had served. Graf sent a forehand long.

3-0 lead.

tina Navratilova, seeded second,

ond quarter interception. Moon and Givins turned the game into a rout with their touchdown connections, the last coming with 14:01 Bengals 38, Cowboys 24: In Irving. Texas, Cincinnati's Boomer Esiason threw three touebdown

passes and James Brooks scored on a 51-yard run to carry Cincinnati over Dallas, which lost its eight Brooks, who leads the league in

rushing average with 5.3 yards per carry, ran 16 times for 148 yards. He also caught a 13-yard scoring pass from Esiason in the third peri-

Esiason flipped scoring passes of 20 and 5 yards to tight end Rodney Holman as the Bengals befuddled the Cowboys with a no-huddle of-

Browns 27, Steelers 7: In Cleveland, Frank Minnifield returned a blocked punt 11 yards for a first-half touchdown and Bernie Kosar threw a 77-yard scoring pass to Reggie Langhome on the second play of the second half as Cleve-

land defeated Pittsburgh. The Browns beat the Steelers for the sixth straight time. Pittsburgh, which bad not won at Cleveland since 1981, ensured itself of matching its worst record in 19 years. The Steelers have lost four in a row and

10 of their last 11 games. Lions 19, Packers 9: In Milwaukee, Eddie Murray kicked four field goals and Scott Williams scored on a one-yard run with 5:12 left as Detroit beat Green Bay and give Wayne Fontes a victory in his first game as interim head coach.

The Lions took a 9-0 halftime lead on three Murray kieks and then clinched the victory with Williams' touchdown that capped an Shriver then served for the set. It 11-play, 52-yard drive against the

Chiefs 27, Seahawks 24: In Kansas City, Missouri, Nick Lowery's 40-yard field goal with 46 seconds Graf's backhand, ducled handily at left boosted Kansas City past Seat-net, and then fired an ace to take a tle and handed the Seahawks their seventh straight loss in Arrowhead Stadium.

Kansas City drove 51 yards in 13 plays 10 set up Lowery's kick after Seattle had tied it 24-24 on Dave Krieg's 14-yard touebdown pass to Brian Blades.

Another Hurdle Looms For Tyson-Bruno Fight

Jan. 14 heavyweight championship bout with Frank Bruno still on? Bill Cayton, Tyson's manager, said Friday that be wanted it to happen and Tyson's attorney, Howard Weitzman, said the fighter also wants the bout to take place as

promoter, Don King, will be in Tyson's boxing future. Cayton wants a sbort-term deal

with King, renewable at Tyson's discretion. But Weitzman said Friday that Tyson prefers King to be Cayton is contracted as manager of the beavyweight champion. That

Weitzman was proposing. He said he would not allow King's deal to run concurrently with his,

"It ll be one year, with Mike hav-

court action, the Bruno bout is expected to be delayed again. Cayton also said that be had spo-

ken earlier in the day with Jarvis Astaire, Bruno's co-promoter with Mickey Duff, "Jarvis told me that if the fight doesn't go on Jan. 14, be will institute legal proceedings against Don King for interfering with a contract, and he will insist scheduled at the Las Vegas Hilton. on the fight's going back to London," Cayton said.

Meanwhile, Steve Crosson, treasurer of the World Boxing Council, said that Sugar Ray Leonard had changed his mind and would not be giving up the two titles - WBC light heavyweight and superhis promoter for the rest of the time middleweight — he won when he knocked out Donny Lalonde on Nov. 7.

Leonard's attorney. Mike Trainer, said Friday that José Sulaiman, the WBC president, called to say that while the WBC rules gave Ray seven days to decide about keeping his titles, if Ray would give up the light heavyweight title he time," Cayton said. "If Weitzman could take time to reflect about Duchesne 17. Popifellie 114). Nicholis 2

123). Greisky 1141; Tureeen 110]. Hogue 2 141.
Heriman (2). Shers on gool: Burfolo 1en Heesix months, I'll see them in court.

If Cayton goes ahead with the

If Cayton goes ahead with the

sesa said Sunday that after the special Czeslaw Kiszczak there to talks have not even the sligher talks on Poland's ligher saviving the talks on Poland's ligher to even the sligher talks on Poland's ligher talks on Poland's ligher to even the sligher talks on Poland's ligher talks on Poland's ligher to even the sligher talks on Poland's ligher talks on Poland's ligher talks on Poland's ligher to even the sligher talks on Poland's ligher talks on Poland's lighter ta

day featuring many of the foot-ball's traditional rivalries, Notre Dame moved within two games of the first national title in 11 years and sent Penn State to its first los-

COLLEGE FOOTBALL

slong with the other postsesson bowls (see Scoreboard). the choice on Thursday, the line three days.

With West Virginia also winning Sanurday, the Fiesta Bowl would bring together 11-0 teams if Notre Danks heats Southern Cal. In that

Notre Dame Coach Lou Holtz, who is looking for his first national it's not the end of the journey. We've got another big one next week."

in the third quarter. The Nittany Lions' last losing season was a 3-4-1 finish in 1938.

saying that he remained committee that to step up opposition to appear the bels of the Sudan People's Liberate Party, one of the coalition panes or in the coalition, the Umma Panes and Craig Taylor scored two touchdowns to help West Virginia complete its first perfect regular that the coalition, the Umma Panes are the virginia (11-0) was carried by of thousands of in the south sale passes for I14 yards and rushed for 96 yards on 20 carries.

landed again at Wau, 1,000 kiloe: for 189 yards and a touchdown,

Jr., commander of the U.S. dese the Pacific-10.

lead. No. 12 LSU dropped to 7-3. Nebraska 7, Oklahoma 3: In Norman, Oklahoma, quarterback

Oklahoma State 49, Iowa State 28: In Ames, Iowa, Barry Sanders

boosted his Heisman Tropby

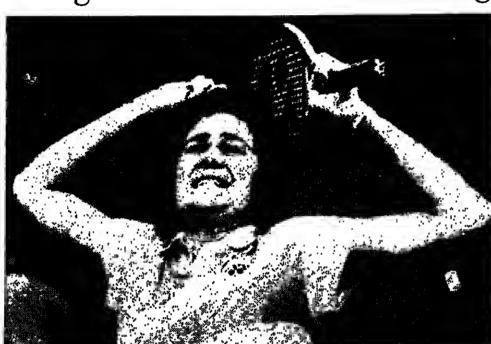
ular season in 12 years.

the Cougars a narrow victory.

Utah 57, Brigham Young 28: In
Salt Lake City, Utah, Scott Mitchell
passed for 384 yards and three

Cornell 19, Penn 6: In Ithaca, New York, Steve Lutz and Scott

bridge, Massachusetts, fullback Ke-vin Callahan plunged for one touchdown and caught a pass for another Ailing Graf Loses to Shriver, Ending a Winning Streak at 46



Pam Shriver, after standing sentry at the net and "concentrating as hard as I've ever concentrated."

By Robin Finn en Lerk Laws Service

NEW YORK - The invincible one has been felled by a common cold and an uncommon perfor-

mance by Pam Shriver. Shriver stood sentry at the net nn Saturday and achieved a 6-3, 7-6, victory in the semifinals of the Virginia Slims Championship, snapping Steffi Graf's winning streak at 46 matches.

wasn't myself,"

this vear.

Saturday at Madison Square Garden. Sabatini defeated Helena Sukova, 6-4, 6-2, to go to the final on Sunday, which was to be three of

Shriver nn Thursday. "I had no chance," said Graf. "I

Graf, who used 1988 to solidify her hold on women's tennis by capturing the Grand Slam and an Olympie gold medal, had won ev-

Sabatini was defeated in four sets by Graf in last year's final, but

but it was not my choice.

ery major tournament she entered Her only other losses this year were against Gabriela Sabatini, who won the other semifinal on

five sets and worth \$125,000.

Shriver, rarely a singles finalist in

NHL Standings ALES CDNFERENCE Patrick Division

W. T. Pls. GF. GA.

4'S 11 6 3 25 85 66
1 10 10 5 20 92 96
2'V 8 9 3 19 60 75
2'V 8 9 7 18 66 67
2 17 80 8 WALES CONFERENCE

CAMPBELL CONFERENCE

Hartford

McDaniel 11-19 9-11 31, Etils 13-27 2-3 28, Re-

Pinch rev 4-10 8-9 26, K.Smith 6-12 8-10 20: Person 11-24 0-0 22, Tisdate 8-15 5-5 21, Re-bounds: Indiana 45 IWilliams, Smits 01, Soc-ramunia 48 IMcCray, Thompson 111, Assists;

Delaware Valley 76, Eastern 60 St. Jahn Fisher 73, Clarkson 72 Virginia Union 187, Clarion 78 WEST

TOURNAMENTS Bio Apple NT

Xavier 85. Louisville 83 Wyomino 70. Southern Methodist 65 Hall at Fame Tip-eff Classic Duke 80, Kentucky 55 Ken Gant Classic

Ala-Birminaham 80. Victoria, Australia Forsson Alku, Finland &. Marietta 7 Hamilton \$2. Costa Rica 60 Memphis St. 85, Donish National Team 66 Memphis St. 93, Newcastle, Australia 82 Munnesolo 92, Helsinki NMKY 61 Natre Dome 81, Zadar 1Yugol 78

Tripucko 9-21 11-12 31, Chapman 5-20 6-6 16; W.Anderson 12-21 0-0 24, Robertson 9-16 6-8 24, Dawlins 8-19 7-7 23. Rebounds: Charlotte 48 1Happen 91, San Antonio 53 (G.Anderson 13). Assists: Charlette 281 Bagues 111, San Antonio

| Dikuluwon 121, Assists: Detroit 10 1Thomas 6), Houston 27 1Floyd 9). LA. Cliepers 29 32 19 27—187 Denver 38 24 23 37—134 Denver 28 24 23 27—134
English 10-28 E8 28, Lever 7-13 5-1023; Smith 9-13 5-6 23, Manning 5-15 10-12 29, Rebounds; Los Angeles SI Manning 111, Denver SI Lever 121, Assists: Los Angeles 21 Norman, Nixon 51, Denver 27 | Lever 77.

bounds: Daltos 49 1 Danaldson 151. Seattlu 55 (McDaniul 11). Assists: Daltos 16 | Harper 7). Phoenix 32 (A.Johnson 11).

Phoenix 32 27 27 32—121

Utah 32 34 27 32—124

Maione 14-19 14-14 42, Boiley 10-21 2-7 22;
Chombers 12-27 7-8 22, E.Johnson 9-20 5-5 24.
Rebounds: Phoenix 46 (Chombers 12), Uloh 48 I Motonu, Eclon. Gri IIIIth 101. Assists: Phoenix 28 I K. Johnson 101. Utah 27 15tock fon 211.
Iodiana 29 17 24 24— 94

Sacromenta 15 28 31 33—187

EAST

Boll Statz 81. Newcosile 75

Georgia 76, Arkansas St. 61 Indiana 83, Illinois St. 48 Missauri 73, SW Missauri St. 54 North Carolina 111, Tenn-Cho Signford 79, Montono 63 Syracuse 92. La Salle 76

76. St. Lawrence 72 Final: Potsdom #0. Lehmon 47

Coleary 1 1 3—5 Hartfere 0 10 1—2 Olfo 141, Patrerson 151, Nieuwendyk 2 1131, Mutlen 1141: Samuelsson (S), Cate (2). Shots on seoi: Calgary ion Liufi 8-11-12—31; Hari lore fon Wamsley) 9-2-7—10.

> tew Jersey 0 8 2-2 Leoch 11, Ridley 19), Courfnolt 10: Muller 191, Vurbeek 17) Shots on goal: Washington Ion Sauvel 12-11-13—36; New Jersey (on Ma-

Poddubny 114, Fartier 2 12t, Donnetty 12t. Poddubny 1151, Goulet 161: Melianby 111, Kerr 2 161, Ektund 2 (4). Shots an geal: Philo-delphia Ion Gosselini 14-68-28; Quebec Ian LoForest, Heatofft 19-7-10-36.

Brodley 2 17). Skriko 1121; Tume 151, Federa 15). Shots on goal : Vancouver Ion Riendeck 7-7—22; St. Louis (on Weeks) 6-8-11—25.

1; Chicago (an Ray) 13-6-15-34; Man-New York Mullan 2 (8): Dianne (5), Latreniere (1): Bellows (6) Shots on goal: New York Ion Takkal (3-17-12-42, Minnesolo (on Vanhesbrouck 1 14-8-9-31.

Gilatrist 121: Thomas 2 1131, Vaive 191, Shots

By Phil Berger Von York Times Service NEW YORK - Is Mike Tyson's

The hitch is what the role of the

deal expires in February 1992. Cayton grew angry at wbat

ing the right to extend it at that

ew Ordered in U.S. aying he was "deeply disturbed to

UPDATE

e safety board. vers Call Off Strike 10 taxa drivers in the Greek capital TRANSITION

n months in exchange for a charge, yeasures. A series of tan snin. Saturday that the governmentials

violence, news reports said

s Said to Oppor

aying he was deeply installed a source of the Federal Aviation Administration of the Federal Aviation and the Northest of the Federal Aviation of of iner carrying President Rouald ke control system in the Northest recommendations made lucsus?

y Board in a scathing report of its plane, has directed that the structed by a team independent of aviation administration is part of aviation administration in the provided at the point of a second of a control of a co recommendations made Tuesday Sampdorla 4, Botogna 1

nain boulevards crossing the care ondiares Hibbard, allichers, and Mark Davis, outfielder, from Vancouver of the Pocific Cook League: Tam Drees and John Powlerfall, offichers, from Birmingham of the John League, the Rulessed José Segura. Echier. Purchased the Tempo Tarpins of the Halfdo Slote League and announced the tenh will be moved to Sorasota. Florida. CLEVELAND—Purchased the contracts of Jeff Show, officher, from Williamsord of the Eodern League; and Rudy Segues and Angel Orif offichers, from Colorado Springs of the Pacific Cossi League; and Rudy Segues of the Midwest League. ace faulty diesel engines in their ir state-regulated pension plant:
problems within the next feeting. again." the spokesman sad military and police on a military and police on a military

fices will be closed of services with their dependences this week hos

See Lanks 2000

uster Margaret Traicher auch phe against accepting and include pe to said Second uoled Surviville Survey Barrier acher a propried change is to be acher a propried change is the bear of the be Mosaw have suggested the life of the Britain now. Britain next month to make the

Canadian Football Leasue BRITISH COLUM21A—Activated Repole Today, running back from the procitice ros-ier has transferred him to the reserve Tst. 2080aTO—Activated Donny Barrett. Sufferbock, and Don Baldwin, defensive endifices the practice roater.

WHATEG—Activated Wille Feors, delander and; Michael Allen, defensive back. rater. National Footbalt League
DE 7RDIT—ACTIVATE Onuch Long, quarlerbock, and Gary Head, detensive Inckle.
Placed Curtis Geen, defensive tockle, on ininter reserved. Released John Wilkowski. KAMSAS CITY—Activated Mike Bell, de-

color. Activated from Tath, offensive oward. NEW ENGLAND—Activated Eight Dovis, romains back, from thores reserve. HOCKEY
Hedisest Hockey Legue
LEAGUE—Supereded Medical forward
Stephane Richer 10 games without now as the
result of a stick-devisating incident Nov. 16
ogalest the New York Islanders.

leve end Wolved Colvin Lovall, corner-

MIAM)—Waived James Prolit wide re-

Morcia 2 Volladelid 1 Oviedo 1, Barcelona 2

ENGLISH FIRST DIVISION Arsenal 3. Middlesborough S Asled Ville 1, Derby 2

Asiad Villa 1, Derby 2
Everton 1, Norwich 1
Luion 4, West Horm 1
Manchester United 2, Southampion 2
Millwall 4, Newcostle 0
Nottingham Forest 0, Coventry 0
Gueens Park 0, Leverpool 1
Sheffiled Wednesday 0, Tottenhorm 2
Wimbledon 1, Charton 1
Points: Norwich 78: Arsenol 26; Millwoll
23 L. Werbook, Southampion 23; Derby, Coveniry 19: Middlesbrough 10; Nottinghorm Forest
17: Everton, Manchester United 16; Sheffiled
Wednesday, Aston Villa 15: Diseass Pork

17; Everton Manchester Unlind 16; Sheffleta Wednesday, Asten Villo 15; Bueens Pork Charlton IV; Luten 13; Tollenham 11; Wimbledon, West Ham 9; Newcasile 8, WEST GERMAN FIRST DIVISION SI, Poull 2, Macabelm 1
Cologne 5, Shuttgarl Kickers 1
Stuffgarl 8, Bayer Leverkusen 0
Kortsruhe 3, Borussia Mancheneladboch 1
Elatracht Fronkfurl 6, Werder Bremon 0
Sochum 2, Borussia Dorlmund 2
Nuremberg 1, Harover 6 Nuremberg 1, Honover 8 Bayer Verdingen I, Boyern Musich 3 Sayer Verdingen 1, Bovern Munich 3
Kaiserslautern B, Homburs 0
Polists: Munich 22: Stuttpart 19; Bremen.
Cologne, Homburo, Karlsruhe 18; Lurdingen.
Leverkusen, St. Pouli, Borussia Monchengid-bach 17: Bochum 15: Kaiserslautern 14; Dort-mund 13. Nurembers 10, Mannheim, Frank-hurt 9: Honover, Stuttpart Kickers 8,
WORLD CUP TUPAL 1971NG
Group Elve

Group Five Yugoslavia J. France 2 Paints: Yugoslavia, Scarland, France J; Nar-Yugoslavia J. Franco Z.
Poletts: Yugoslavia, Scatland, Franco J; Nor-way 2; Cyprus 1, Remeining motthes; Dec. 11, Yugoslavia-Cyprus: Feb. 8, 1997, Cyprus-Scat-land, Marchi, Scatland, France: April 22, Scat-land-Cyprus; April 29, Franco-Yugoslavia; norman-Cyarus; June 14, Norman-Yu a; Sest, 5, Norman-France; Sest, 6, Yu a-Scotland; Oct. 11, France-Scotland;

McLouphin, sricher, and Gienallea Hill, outliebler, la Syrocuse.

Rational League
MONTREAL—Purchased the contracts of
Karli Benerhield, Mark, Gordner and Dantio
Ledn, altichers, and Cesor Hernandez, outliebler, from Indianapolis of the American
Association; Gene Harvis, officher; Alike
Blobers, Infloider, and Kevin Dean, out-fielder, from Jacksonville of the Southern League.
PTTSRIPORU, New Association

1. New Zealand 2. France 1 Wales 4. Australia 5. England

TENNIS

Lost test (Nov. 19): Scotland 13. Australia 32 Next) Jan. 211: Scotland-Wales, Ireland-

WOMEN'S TOURNAMENT (At New York) Angleevo (7). Czechoslovekia. 6-1. 6-1.
Pom Sariver 13), U.S., del. Chris Everi 131.
State U.S., 7-S. 6-I.
Heierra Sukova (B1, Czechoslavokla, 6+1.
Marilna Navratilova 121. U.S., 7-6, 7-5, 6-3.
Gobricia Sobotini | 41, Argentino, def. Nata-lia Zvereva 161, Soviet Union, 6-1, 6-1.
Semilina is U.S., 7-5. 6-1.

Shriver del Gral 111, 6-3, 7-6 (7-51. Sobalfai del Sukava. 6-4, 6-2 Doubles Final Pom Shriver and Marilina Novratiliava (1). U.S., del. Helatic Zvereya and Larisa Sav-chenko, Saviel Union, 6-1, 6-4. MEN'S TOURNAMENT MEN'S THU NRABENT (Al Johanseburg) Sentificals Jokod Niesek 121, Switzerland, dot. Brod Gilbert 131, U.S. 4-6, 7-4 17-21, 7-6 17-21, Christo Van Rensburg, South Africa, def Plater Aldrich, South Africa, 6-7 14-71, 6-4, 6-2

Higsek del Von Rensburg, 6-7, 6-4, 6-1, 7-6

Points: Real Madria 19; Barcelona 17; Sevia 14; Volencia 13; Alletico Madrid, Gillor Boston College 38, Army 24
Cotumble 31, Brown 13
Cornell 19, Pene 6
Oarlimoulh 24, Princeton 17
Dolaworu 38, Boston U, 10
Holy Cross 52, Northeoslern
Lolovetin 52, Lehten 45 Lalovetta 52, Lehigh 45 Maine 20, Vilionava 17

Massachusetts 64, New Hampshiru 42 Rhade Island 21, Connecticut 19 Rufgers 41, Colegiu 22 West Virginia 31, Ovracuse 9 Yale 26. Harvard 17 ОПИТН Ciumson 29. South Carolina 10 Duka 35. North Carolina 29 Memohis St. 28. Vanderbiji 9 Memohis St. 28, Vanderbill 9 Miomi, Fio. 44, LSU 3 N. Carolina 51, 14, Philipburgh 3

Richmond 24, William & Mary 19 Tennessee 28. Kentucky 24 Tulane 27, Mississiani 51, 22 Tulane 27, Mississieni St. 22
Virsinio 24, Marviand 23
Virsinio Tech 27, James Madison è
Woke Farest 24, Appalachion St. 34
MIDWEST
Cent. Michigan 34, Miorni, Ilhio 17 Illinois 14, Northwestern 9 Indiana 52, Purdue 7 Iowa 31, Minnesola 22 Marshall 38. Youngstown St. 15 Michigan 34. Ohio 01, 31 Michigan St. 36, Wiscon Missouri 55, Kansas 17

N. lowa 24, 0. Illinais 21 North Dokata 10, Michiga

U.S. College Results

Baylor 17, Texpe 14 Hauston 20, Texps Tech 29 Nebrosko 7, Niklohomo 3 North Tuxes 13, Rice 17 Texas A&M 18, Taxas Caristian 0 Tovos-El Poso 31, Air Force 24 Tulso 15, Templu 10 FAR WRST Colorado 55. Kansao 51, 14 Fullerion 51, 23, Uton 51, 13 Nevodo-Rena Su. Ibama St. 14 Oregon St. 21, Oregon 10 Son Diego St. 12, New Mexico 10 Son Jose St. 42, Nev.-Las Vouos 0 Southern Col 31, UCLA 22

Stantard 19, California 19 Uleh 57, Brigham Young 28 Washington 51, 32, Washington 31 **Bowl Schedule**

DEC. 23 vs. Teaps-El Poso DEC. 24 Sun Bewl: Alabama vs. Army Blue-Gray All-Star Game DEC. 25 Aloha Bowl: Washington St. vs. House DEC, 20

Liberty Bowl: Indiane vs. South Carolina

DEC. 29

Freedom Bowl; Brighom Young vs. Coloro DCC. 30 Holiday Bowl: Wraming vs. Oklahomo DEC. 31 Peach Bowl: lowa vs. North Corolina State JAN. 1 Gator Bowl; Georgia vs. Michigan Olgia

Hallof Fame Bowl: Louislana Slafe or Au-

burn vs. Svracuse Citrus Bowl; Clemson vs. Oktohoma

Certen Bowl: Artenses vs. UCLA Fieste Bowl: Natra Dame vs. West Virginio Rose Bowl: Muchigan vs. Southern Califor-Super Bowl: Louisiana State of Autorn vs Joseph Bowl

NBA Standings

EASTERN CONFERENCE 6 3 .667 5 6 .556 5 4 .556 4 3 .444 2 5 .286 2 6 .250 Defroit Cleveland Atlanta Chicago Milwaukse WESTERN CONFERENCE

Pacific Division 6 2 .750 5 4 .556 4 4 .500 L.A. Lakers Golden Slate Sealite L.A. Clippers Phoenix Portiona Socramenta Socramento 1 7 .125 5
FRIDAY'S RESULTO
Washington 23 34 26 25—108
Boston 30 36 27 25—114
McHolo 7-15 12-14 22. Parish 10-17 46 26; Walker 7-16 3-5 21, King 8-13 2-4 18, Cartedge 5-6 7-8 18,
Rebounds: Washington 44 (Calledge, Williams
91, Boston 22 (McHote 81, Assists; Washington
24 (Walker 45), Barsina 21 (Johnson 11)

24 | Walker 6), Basion 23 | Johnson 11]. Clevaland 25 28 32 18—45 Price 12-142-227. Harper 9-160-1 10; Conner 6-9 5-6 10. Berry 5-11 4-5 14 McGee 7-15 0-0 14. Rubounds: Cleveland 32 (Nonce 9), New Jer-sey 41 (B.Williams 9). Assists: Cleveland 19

Golden State 77 22 22 21 14—123 Miami 24 77 22 24 19—117 Multin 9-20 11-11 29. Gorland 7-16 8-8 22: 26 27 28 24 10-117 Selkalv 13-17 3-6 29. Sporraw 4-15 5-5 17. Re-bounds: Golden State 53 (Garland 91, Miam) 50 (Gray 12). Assists: Golden Statu 15 (Gar-land), Awam) 27 (Gray 6). 20 29 25 28 16-112 Chicago 30 20 27 25 13-115 Jordon 12-21 10-13 34 Contwright 4-13 7-7 19; Wilkins 17-33 5-7 39, Motona 5-12 8-15 18, Re-bosads: Allonto, 53 (Motone 13), Chicago 57

(Carlwright, 15), Assists: Atjonia 19 1Thous 32 19 34 34—121 30 19 29 27—105 Defroil 32 19 34 36—127 Phoeoix 30 19 29 27—165 Dumors 18-16 11-11 31, Thomas 13-22 3-3 30; Chambers 9-14 19-12 26, Hornocek 19-15-0-0 22. Rebounds: Detroit 36 (Laimber 12), Phoenix 34 (Chambers 11), Assists: Detroit 26 (Thom-os 11), Phoenix 29 (K. Johnson 10), 26 30 26 28-110 LA. Cilepers 29 28 22 34—113 Benjamin 9-15 4-6 22, Smith 7-19 5-5 19; Wij-

Benjamin 7-15 4-6 22, Smith 7-10 5-5 19; Wil-Homs 11-222-224, Miller 9-12-4-524, Person 16-22

1022-224, Miller 9-124-524, Person 10-22
3-6-33, Fleminos 812-6-72, Rebounds: Indicond
44 1Williams 161, L.A. Cilippers 47 (Norman,
Benjamin 91, Assists: Indicone 20 [Williams,
Skilles 51, L.A. Cilippers 27 1Nixon, Garrick 61,
Porticod 20 34 31 19-103
L.A. Lokers 31 22 27 20-186 M.Johnson & 17 10-10 26. Scott 9-14 5-5 24: Draxier 12-26 3-4 22. Porter 6-13 3-3 16. Re-bounds: Portiond 44 (Kersey 10), L.A. Lokers 40 (Abdul-Jobbar 5). Assists: Portiond 31 (Porter 0), L.A. Lokers 28 (Johnson 9). SATURDAY'S RESULTS Golden State 24 14 24 25— 72 Altonio 21 27 27 27—111 Allonio 21 27 27 27—111
Wilkins 10-19 12-15 32, Theus 11-20 6-5 28;
Richmond 10-21 6-6 74, Mullin 6-16 2-4 14, Re-

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kee 27 (Pressey 12). Cleveland 22 (Price 9). Bos lon 32 22 20 36-104

Matone 17-25 2-3 36. King 5-12 5-515: McHale Motore 17-25-2-3 & King 5-12-5-15: McKelet 9-16 8-1 26. Alnoge 8-13 5-5 25, Rebounds: 805-lon 39 (Porish 101, Woshington 45 (Calledge 121, Assists: Boston 23 (Alnge 5), Woshington 30 (Wolker 101, Pniladulphia 25 28 26 33—122 25 28 26 33—122

New York 33 40 32 30—141

Ewing 13-16 1-2 27, Newman 6-15 7-7 251 Anderson 12-21 4-5 28, Barkiuv 6-12 7-5 23, Rebounds; Philodelphia 57 (Anderson 14). New York 40 (Daklov, Ewins 91, Assists: Philodelphia 25 (Cheeks 6), New York 34 (Jackson, Strickland 9).

Chariotte

17 | Dawkins 7| Detroit 14 23 40 19— 19 Houston 20 24 30 13—109 Olojuwan 12-25 10-15 24, Floyd 7-14 7-7 21; Thomas 18-24 6-8 26. Edwards 6-10 3-4 15. Re-bounds: Delrait 63 | Radman 121, Houslan 53 Los Angeles MacLean (111), Groves 141, Yzeri Aguirro 10-10 7-10 29, Perkins 9-10 9-12 27:

College Results

Oregon Tech 91, Worner Pacific S7 San Francisco St. 98, Col Lutheran 83

51. John's 85. Cibona. Yugoslavia 73 Steiner Oalik, W. Ger., 108. Army 88

FRIDAY'S RESULTS NIII 121. Linsemon (St. Wesluy Id). Shots on good: Boston (on Honlon) 11-84-28: Detroil ion Moogt 6-4-7-17. Washington 2 0 1—3 Gustatsson 151. Francescheft 131. Carlston Gustatsson 151. Franceschellt 131. Curl Islan
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Ion Staarkijwiczi 13-7-12—32.
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Carlviu 111. Elynuk 171. Small 151. Shahs on
goal: Toranta Ion Chevriett 14-14-12—30; Winnipeg Ion Wreggell 11-8-7—26.

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"I I SBURGH—Named Etmer Gray administor of biseboli operations and Com Bacilitat director of scouline, Asked unconditerior-vertivers on Al-Pedrique, short-stop, and Dave Jatusson, oficher. Outrighted Vicente Polocios, pitcher, to Buttolo of the American Association. Added Moises Alou and JeH Factor of the Company of the Company of the Company The Walker, Willie Smith, Bertel Gideon and Jen Bellmido, pitchers, to its 40-man rester. SAN FRANCISCO—Traded Angel Escabor, Statistics, to Mantrarie or will Testing collections. to the Kremb

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12 Years After 'Roots,' Haley Tries a Novel

D ARIS — It has been 12 years since Alex Haley published a book. The book was "Roots." which was translated into 37 languages, was watched by 130 mil-

MARY BLUME

lion viewers as a television series, and won Haley the Pulitzer Prize and National Book Award. "Ironically," says Haley, who is now 67, "if you're so blessed as to

have a big book like Roots' come to you, your biggest problem is finding time to write another book."

The house where Haley grew up in Henning, Tennessee, has been turned into a state museum and he says it's odd to see buses with schoolchildren in front of his door. He lives in nearby Knoxville but is usually elsewhere: Headquarters of his Kinte Corp. (named after the hero of "Roots") is in Beverly Hills, and there are frequent invitations to talk at universities, community centers and at corporate banquets organized by IBM, big insurance companies and depart-ment stores. One year, he spent

234 nights in hotels or motels Haley is low-keyed as celebrities go, a series of benign circles with his gold-rimmed glasses, round face and rich, encompassing voice. He wears a maroon wool shirt and carries a briefcase which he pats at one point, saying that carrying "Roots" in it is like carrying a passport. Even on the flight the night before from New York there

were autograph hunters.

"A steady group of people came up from the coach section," he says. "The flight attendant asked if it was O.K. and I said yes,

of course."
Haley had come to Paris to promote his first book since "Roots," a 101-page uovel called "A Dif-ferent Kind of Christmas," which his French publisher, Sylvie Messinger, rushed out before the others because, she says, "I knew that if we didn't publish before the Americans he wouldn't he able to

come to Paris to promote it." The Paris promotion over, Haley headed to Cairo for a dinner in honor of the Nobel Prize-winning

to Memphis for a blues festival which he would emcee, then a heavy U.S. tour for "A Different Kind of Christmas." He was also expected at a meeting of the Royal Academy of Morocco, which he says is modeled on the Academic Française and whose other American members include Henry Kissinger and the astronaut Neil Armstrong. The academy meets each year to discuss a subject of the king's choice. This year, Haley

says, the subject is locusts. The round does not end and Haley does not falter. "I'm always

'A Different Kind of Christmas' was born of his research for 'Roots' on the slave freedom 'railroad.'

thinking about the time I was sitting in a basement in Greenwich Village praying that some publisher would pay attention to me."
"Roots," he says, hit a chord without his expecting it. "Everybody in the world has a family,

lots of people began to search. I've had so many experiences with how that book sticks in people's ears. Normally with a book that was done 12 years ago, you would forget about it. 'Roots' is very much alive." Since "Roots," which took Haley 12 years of research during

which he managed to trace his maternal bloodlines through seven generations, he has been occupied with "Roots" television spinoffs or "Roots" related projects. His next book, "Herming," will be about his hometown; "A Differ-ent Kind of Christmas" was born of his research for "Roots" on the Underground Railroad, which brought escaped slaves in the South to freedom in the northern United States.

A seasonal stocking stuffer, "A Different Kind of Christmas" tells of the awakening of a planta-

tion owner's son who helps one of his father's slaves to escape. It ends with two fugitives looking at the radiant North Star as Christ-

mas morning breaks.

Before "Roots" Haley was a magazine writer whose "Playboy" interview with the black nationalist leader Malcolm X led to a collaboration on "The Autobiography of Malcohn X" (1965) which, as Malcolm predicted, he did not live to see.

Even if he had not been assassinated, Malcolm's power, like

Martin Luther King's, would have declined, Haley says.
"If you study history you'll find that things like civil rights for blacks and the Solidarity movement seem to he kind of flare issues — they don't burn out but they diminish. Both Malcolm and Dr. King, I was lucky enough to know them both, both of them a week before they died were being ridiculed. If you're a leader people are always trying to get at your heels, or if they can get closer, at your underbelly, and this was happening. There were others vying to come and take their place

Although his books helped raise black consciousness, Haley was never a member of the civi rights movement and if with "Roots" he helped many other people to redefine the black present by examining the black past, writing on the black present does

"I would probably not write anything on the present, I'm so hooked on history, it just is my thing," he says. Even when he was writing about Malcolm X, it was the man and not the cause that interested him.

individual that I didn't think too much about the organization, I just thought about how is he going to make it." What interests him in writing is not interpretation but research. "I love writers who research deeply," he says. "It gives strength to your stuff."

Haley grew up comfortably in Henning where his father, who had a graduate degree in agriculture, ran the family lumber business. If young Alex left teachers'



Author Haley in Paris to promote his first book since "Roots."

college after two years to join the Coast Guard in 1939, it was for the very middle class reason that his father, unhappy with Alex's low marks, thought a short simt in the service would mature him. Instead Haley spent 20 years in

the Coast Guard, retiring as a chief journalist, a rating that had been especially created for him. He began as mess boy because only what was known as the stewards' department was open to

"It didn't bother me because that was what you did. But as it turned out, I've thought about this many times, if I had become an electrician or a bos'n's mate the probability is that I would never have become a writer."

Despite his low rank, he was better educated than most of the crew and began writing letters for them, earning a dollar a letter.
"And that literally is what gave me for the first time in my life the

INTERNATIONAL

thought that maybe there was something for me in writing,"
Haley still does his writing on ships, accompanied on long freighter journeys (the next one will leave from Helsinki in April) by his longtime researcher, George Sims. He is a gentle man, and an optimist, because, he says, he has a lot to he optimistic about.

"I have on my stationery a line across the bottom that reads, 'find the good and praise it.' And I deeply believe that I wish that every newspaper could have at the bottom of the front page a little column that would he headed Something Good Today. I think it would make people feel a little

"You look at sundry things and there's so much down, down, down misery and it just says in effect that we are sinking deeper and deeper into the quagmire. And while all these things are true, it's not the whole truth."

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A New Vogue for 'People of Color'

By William Safire

WASHINGTON — "That's the most adorable little W colored girl playing outside," observes a woman in Berke Breathed's comic strip, "Bloom County." "'Colored'? You're saying 'colored people' in 1988?"

"'Colored" You're saying 'colored people' in 19887"
asks her socially sensitive son. "You know better, Ma."
He suggests they agree to use "the new-age term 'people
of color." "Ma accepts that, and says, "People of color.
Colored people." The son blows his stack.
The term generates controversy on the Op-Ed pages
as well. "A new language formation, 'people of color,'
is making its appearance," wrote Jacob Neusner, professor of Judaic studies at Brown University, a profific

scholar who is unafraid of controversy. " People of color' are every hoe but white and are non-European in origin. And only 'people of color' are authentically American, so we now are being told."

Nensner's concern about the threat of racial quotas at cultural agencies, and about what he saw to be the coming derogation of American art of European origin, provoked disagreement from Frank Hodsoll, chairman of the National Endowment for the Arts, who wrote, "I know of no one who claims that only people of color are authentically American."

Under the general rubric of "being told," some New York Times editors believe Hodsoll, and I believe Neusner, which keeps life lively around the office. But we can all agree that the phrase people of color has

never been more in vogue.

It is not even nearly new, though it was for a time out of fashion. Martin Luther King Jr. gave the phrase new life when he spoke of America's "citizens of color" in his August 1963 speech on the steps of the Lincoln Memorial in Washington. (That speech, by the way, is remembered by most only in a snippet of film repeating "I have a dream." Studied in its entire-ty, the King address is as well constructed and stirring an example of speechwriting as can he found in any compilation of modern oratory.)

First to colored people. If black has become the preferred term, why does the National Association for the Advancement of Colored People hold on to its name? According to James Williams, an NAACP spokesman, who must get asked this often: "Times change and terms change. Racial designations go through phases; at one time Negro was accepted, at an earlier time colored and so on. This organization has been in existence for 80 years and the initials NAACP are part of the American vocabulary, firmly embedded in the national consciousness, and we feel it would not be to our benefit to change our name."

Colored people (which in South Africa means "peo-ple of racially mixed ancestry") has in the United States a connotation different from people of color. As the keen-eared cartoonist cited above suggested, colored is often taken as a slur, even when not so intended, and so this term — first used with this meaning in 1611 by the historian John Speed as "coloured countenances" --- is better replaced by its synonym as noun and adjective, black.

People of color, on the other hand, is a phrase encompassing all non-whites; its inclusionary sense, along with its use of two l sounds, gives the meaning a connotative lift.

"Twe seen people of color used in English as early as a 1793 pamphlet about a yellow-fever epidemic," re-ports Professor Wilson Moses of the Afro-American

studies program at Boston University, but the citation is not at hand. "It was probably used earlier than that, however. It later became an attempt by the free black community to dissociate itself from the Africans, and was replaced during the 1920s, when Negro became the militant word to use. You will probably find people

of color rooted in French." Gail Anderson, at New York's Schomburg Center for Research in Black Culture, agrees: French-speaking colonies were the first to use gens de couleur libères, which translates as "freed people of color."

She cites an 1818 pamphiet in English entitled "Report of the Committee, to Whom was Referred the Memorial of the President and Board of Managers of

Memorial of the President and Board of Managers of the American Society for Colonizing the Free People of Color of the United States." (Who-Whomniks who object to this use of their favorite word can write to the Committee, all of whose members are safely dead.)

Perhaps the association of free with the phrase people of color gave the phrase its positive connotation; speculation aside, today people of color is well received by most blacks while colored people is not. A Hearst News Service editor, Charles Austin of

Teaneck, New Jersey, was curious about the vogue term and held an "electronic conference" about it on one of the computer utilities that are bringing the with-it together.

One of his respondents, E. Allison Dittus of East Hartford, Connecticut, said, "I find the phrase people of color both graceful and suphonious. It is an old-time phrase used by both older blacks and whites as a dignified term for non-whites. I vote to leave minorities to the newspeakers and keep people of color as a beautiful and descriptive folk idiom.

I HE Hearst editor observed to his electronically linked panel that "Afro-American, in vogue a few years ago, never made it, as the connection of most present-generation American blacks to Africa is virtually nonexistent." When he wondered what the opposite of people of color was, Daniel J. Ellsworth of Eaton Rapids, Michigan, replied, "People not of color? Colorless? White? Cancasian?"

The answer is white. The division is arbitrary between white and people of color, and in time may break down into particular colors already representing racial groups — red, yellow, white, black, brown. As we speak, however, the English language seems to lump the colors together and treats white — the non-color—as a race and a word apart.

At the Democratic National Convention in Atlanta. Jesse Jackson reminded his listeners that most of the world is not white. That was a sitter-upper to many, white Americans, who are accustomed to thinking of themselves in the majority, much as the traveler sees the natives in a foreign country as "foreigners."

It strikes me, then, that people of color is a phrase often used by non-whites to put non-white positively. (Why should anybody want to define himself by what be is not?) Politically, it expresses solidarity with other non-whites, and subtly reminds whites that they are a minority.

When used by whites, people of color usually carrie. a friendly and respectful connotation, but should not be used as a synonym for black; it refers to all racial groups that are not white,

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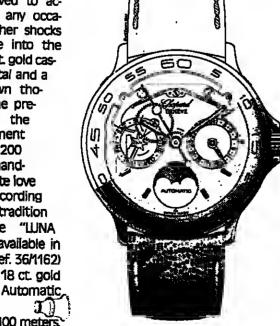
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